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September 1951





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- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
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## CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Editorial and Executive Offices . . . 375 Jackson Ave., St. Louis 5, Mo. Advertising Representatives, Irving V. Koch, 64 E. Lake St., Chicago 1, Ill., Leonard Shultz, 501 Fifth Avenue, New York 17, New York.

Leonard Shultz, 501 Fifth Avenue, New York 17, New York.

Washington Counsel, Clagett & Schilz, 1424 K St., N. W., Washington 5, D. C.

Volume 39

SEPTEMBER, 1951

Number 12

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#### CIRCULATION OF THIS ISSUE 31,500

Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$5.90 a year, to members of the National Retail Credit Association only. Articles published in The CENERY Worsat prefect the options of the authors and not necessarily the viewpoint of the National Retail Credit Association. Reproduction privileges of original material are hereby granted, provided usual credit is given.

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## The Man of Tomorrow

Arch R. Maulsby
Speakers Panel, Socony Vacuum Oil Company
Kansas City, Missouri

(An Address Given at the Annual Conference of the N.R.C.A., Chicago, Ill., June 26, 1951)

IF I WOULD HAVE had the opportunity to address you some five years ago, I would have been glad to have congratulated you for being a citizen of a nation that was in the unique position of leadership by means of which it could direct a war-weary old world to universal peace or at least to a degree of economic stability. Now I am forced to greet you as the possible, if not probable subjects of a totalitarian, regimented, socialized, and thoroughly militarized welfare state from which the right of individual initiative, private enterprise and some of our basic democratic institutions are rapidly disappearing, and maybe never to return.

Russia's great strength today does not lie in her farflung, almost endless domain; it does not lie in her 190 millions of people; nor it does not lie in whatever military or commercial might she may have been able to perfect behind the iron curtain in the last five years. Russia's great strength today lies in the seething millions of revolutionary people; the one billion and a quarter of Orientals and every underfed, underprivileged, unhoused man, woman and child in every nation of the world, our own included. Whether or not that great mass is going to accept democracy, as we think of it, or take on Communism or some form of it, will depend upon which of the two systems is the most attractive and the most attainable, looked at through the eyes of the Oriental. If you have never had a home except a cave in the side of a hill, or a thin shack made out of imported oil cans; if you have never had a home except a small boat that three generations have lived on and you seldom, if ever, put your feet on dry land, or if you have never known the meaning of a full stomach or how it felt to be full from the day you were born till you die, at an average age of 20, it might be that a little something more added to the nothing that you have, if it were readily attainable-it might appear attractive to you. Whichever one of these two regimes is going to be embraced depends upon how well this particular generation of Americans carries the torch of democracy.

But it must be a clean torch. It must be free from mouthings and lip service and subterfuge about world peace. We must mean that we want world peace. That torch must be free from any indication of either military or commercial aggression on our part. That torch must be free from racial prejudice. In that billion and a quarter that I mentioned, there is not one white man; he is black, he is brown, he is red, he is yellow, and he is all colors of the rainbow. As he looks in from the outside into American democracy, contemplating embracing it,

does he find that which would make him feel unwelcome or held in contempt in a family of democratic nations because of his color? That torch must be free from religious intolerance because out there in that billion and a quarter there are no Christians with the possible exception of a very small per cent with a tremendous yeasting power beyond our comprehension, to be true, but nevertheless there are over a billion embracing other religions.

As they look into America from the outside, contemplating it, do they find that which would make them feel unwelcome or be held in contempt because of their religion? Never before has there been any race of people at any time or any place that has greater responsibility or a more glorious opportunity than that which today is saddled upon the shoulders of the businessmen and women along the main streets of what still is a democratic America.

In talking about the man of tomorrow, maybe we had better locate tomorrow. If we mean another turn of the world on its axis, we might as well drop the subject because it will probably be just like today. But, at the same time, be mindful of this fact that human destiny, at this moment, is in such a delicate balance that something could happen in a 24 hour period that would change the whole course of human destiny for at least a thousand years. H. G. Wells, in one of his first editions of his Outline of History, tried to acquaint his reader with the great time, calendar and evolution of man, has this to say, "Out in the ocean, there is a great rock a mile high and a mile wide and a mile long and once in a million years a little bird comes to whet its beak. When that great rock shall have become worn entirely away. then one day of eternity shall have passed."

#### Project Your Imagination Down the Ages

If you are going to think of tomorrow on that basis, you would have to project your imagination down the ages for millions of years and we have neither the capacity nor the inclination for that. Nor is it necessary. But were we to draw a graph of man's progress from what we know of him from the story of the rocks up to now, we would have a line with its peaks and its valleys. If we were to draw a line across those peaks we would have a steady line inclining upward. History will bear that out. But if you were to attempt to project that line into the future, you would draw a line perpendicular that would make a tremendous surge upward to a height almost that which has already been attained or it will go the other way into another dark age and whether that line goes up or down depends upon the foresight, the vision, and the inclination of this particular generation of Americans, and whether or not we are capable of catching up intellectually and spiritually with our modern technology. Why has man's evolvement from the beast to his ultimate goal a little lower than the angels been so tremendously slow? And why has the human race been so static except in the field of science? Also let me ask you, how much does the average individual concern himself with the past? How familiar are we with the written record of man's struggle across the centuries? What have we learned from the ever recurring cycles?

H. G. Wells says, "Posterity learns so little from history." I venture to say that the average American's knowledge of the political, social, economic and religious history of the race consists largely of a few outstanding political and military highlights, the biographies of a few outstanding personalities and the very contemporary economic and political dislocations caused by two great catastrophic wars and intervening depressions with the wealth of knowledge never before available to man. It is right at our finger tips. It is ours for the taking. you tell me why we continue to repeat over and over again the mistakes of the past and reaping the same devastating results? There is nothing new in today's pattern. It has happened 17 times in history before. The only difference is in the size. Go back to the great Persian empire, the Babylonian empire, and Egypt with all of her glory and architecture that has our architects of today standing in awe and wonderment; go back to Rome or to Greece and you will find the same story. They rose, flourished, declined and disappeared and then new civilizations grew up on their dust.

#### The Noble Experiment Called America

Whether or not this noble experiment we call America. a noble experiment into democracy, is going to continue to live or if it will go the way of all flesh, will depend upon how much of the eternal you put into her life and how much of the sacred you plant in her heart. Confucius said, "You can look into a brass mirror (they did not have glass in those days) and adjust your hair, but if you will look into the mirror of antiquity, you can foretell the rise and fall of empires." You and I are joint heirs to the most marvelous political, economic, social and religious heritage that it has ever been the privilege of any race of people to possess and to enjoy. For the past five years in particular and the past 35 years in general, you and I and 80 millions like us have been playing along the side lines so engrossed in that fascinating game of collecting dwindling dollars that we have overlooked the tragedy that has taken place in the main and where that great heritage of ours is systematically and effectively being destroyed. I, for one, am not going to stand along the side lines, tongue-tied and inarticulate, while five-star generals and political racketeers make a shamble of that great heritage. I expect the boys to protest against such sabotage, at least until some American secret police taps me on my shoulder and takes me to an American political concentration camp. There are cold wars and there are hot wars, it is communism, inflation and deflation, crises and emergencies, isolationists and liberals, reds, radicals and reactionaries and everything that is and is supposed to be hidden behind the iron curtain. Those are just a few of the current topics and terms that are indicative of the utter confusion in the minds of Americans today.

It is an iron curtain for Russia but it is going to be curtains for us if we do not take a little time out from this busy business of ours and work at the business of being an American citizen and an American statesman. We should be world-minded and informed and sift the great mass of political chaff, jargon, and propaganda and find out the truth about what is being done to that great heritage of ours. As far as I am concerned, I have no fear of Russia, her iron curtain, or anything that is or is not behind it. I do, however, detest and deplore the existence of a regimented, socialized, militarized state, whether it is forced upon people by brutal blood purges of a thoroughly entrenched, despotic and tyranical oligarchy as it is in Russia, or whether the people have their civil rights and civil liberties subtly slipped away from them by high-sounding, improbable promises and eternal scare propaganda. I detest and deplore the existence of political concentration camps and forced labor, whether they be in Russia as they have been to the very disgrace of the human race or whether they be under China's Nationalist party or whether they be in the penal isles of France and England of the not too remote past. I detest and deplore their existence but I do not fear them.

The real danger to America is the shortsighted greed of business, large and small, and our apparent indifference to the gross inefficiency and criminal waste and our own iron curtain of military secrecy over the civil affairs of this nation that is effectively and systematically separating the American public from the true intents and purposes of our thoroughly militarized central government. Rome fell not because of the invader's hand from the outside. Rome fell because of the internal collapse of a disinterested and complacent citizenry who would exchange their great heritage for the gratuities of the glutton's pot rather than rouse themselves and organize themselves, and collectively with an objective save their great heritage, their civil rights and civil liberties. Rome fell because of internal dry rot. Abraham Lincoln once made the remark, "America will never be destroyed from without. It will be from within."

Louis Bromfield wrote shortly before Korea, "Scarcely anyone who visits Washington today is not struck by the rapid transformation of our civil establishment to a military camp. It has gone on since the war and progressed with increased momentum. It has not reached its peak and carries with it grave danger for American democracy. This rapid transformation of our civil establishment to a military camp has been greatly enhanced by the obvious love of the President for the military. He remembers, with pride, the Captain's uniform and he finds the military method an easier way to handle an otherwise troublesome administration. Foreign policy is no longer a civil function. Foreign policy is greatly influenced by the military and to a great degree it enjoys the privilege of military censorship over the civil affairs of the nation. Under such a regime, it exerts a great influence over public education, public works, scientific research, and many other phases of civil life that enters into business through government control and lays a heavy hand on all the agencies for the dissemination of ideas, opinions and news. Such a regime portends no good for American democracy, free enterprise or world peace. By the very narrowness of its experience and its education, the military mind is the most narrow and least capable of settling our national and international problems of laying a sound foundation for world peace."

It is time for us, while we can still talk, to demand the lifting of the iron curtain of military secrecy from the civil affairs of this nation and that the heavy hand of censorship be taken off the press and the radio so the American people will know the truth about what is happening to America. The other curtain that I even fear more than that is the iron curtain of indifference that too many of us pull down over our eyes and ears so that we can concentrate on our own little business and not be disturbed by all the annoyance and the flustrations of confused humanity. Like ostriches with their heads in the sand we cannot be bothered. Up until bullets began to whistle at Korea, you tried to sit down in a social group in your own home, or on a Pullman, or in the lobby of a hotel, and talk about some of the things I am talking to you about. See how soon you were left talking to yourself. They would change the subject or look out the window and first thing you know they were talking about their canasta score or the price of bourbon. They were too well fed, too well housed, too well clothed, business was good, profits were high, so why worry? Why worry about foreign affairs. What can I do about it anyhow? If the foreigners get too aggressive, why not drop a few atom bombs on them and teach them a lesson they will not soon forget? That is not a too gross an exaggeration of some of the loose talk that goes along the main streets of America today.

A very indifference and lack of appreciation of the situation could well bring about a situation in America that is equally as distasteful and un-American as that which we think may come in from the outside. As we go on with this big armament for defense which I suppose is necessary; as we dig more and more of our natural resources and convert them into instruments of destruction instead of construction; as we pull more and more millions of men out of a labor market that is already getting scarce in the skilled category; as scarce articles are becoming more scarce; as risk capital is crowded out of production on account of higher taxes; I am asking what is going to happen to American economy in that we are starting out with \$257 billion in debt? It does not take a smart man to know that such a situation as that, uncontrolled simply means one spiral of inflation on top of another, on top of another, in regular atomic chain reaction, into one maximum mushrooming blast with its inevitable deflation and this time probably a repudiation and a complete regimentation of our whole American economy.

We cannot regiment America unless we get about every fourth person as an informer and on a government payroll. We have got every tenth one on there now. And then you have created in America the very thing you are scared to death is coming in from the outside. Communism and Socialism is ever saddled on the American people and do not look for anyone else to do it. We will do it ourselves as we go blithely down the primrose path to bankruptcy with pockets full of ten-cent dollars. The stability of the American dollar is of far more importance to the anticommunistic nations of the world than is our military might. If and when America goes into financial bankruptcy, she takes the rest of the world

with her into economic confusion and chaos. Russia's long cherished prophesied dream then comes true, a superb environment for communism and socialism. Russia can then lick us and never shoot a popgun. All she has to do is to let us keep on scaring ourselves to death and spend ourselves into bankruptcy.

If and when we finally get that thing for which we are preparing, the whole human civilization will be set back at least a thousand years or longer. Modern life, as you now know it, will no longer exist. You do not have to take my word for it. Go to the American Association of Scientists. The boys who took the atom apart went before a joint session of Congress. Their report was published in a little booklet entitled, One World or None. If you will read it you will know what an atomic war means. I was talking to one of these scientists recently, and he said, "There is not one of us but what would lay down our lives today if we could lock that thing up again like it was when we started with it." Einstein was asked not so long ago, "What kind of weapons are going to be used in the third world war?" He said, "I do not know, but I will tell you what kind they are going to use in the fourth and that is bows and arrows and sticks and stones." You do not have to go very far to find out what it means. It means another war. The man of tomorrow may be an intellectual monstrosity capable of annihilating his own species or maybe unhooking this old planet from its ancient mooring and sending it a torrid vagabond through time and eternity.

The other alternative is the evolvement of this particular generation of Americans fast enough, intellectually and spiritually to catch up and go around our modern technology. Nor am I one of those who think we should plod along on foot spiritually and hold back our technology while we are trying to catch up with our jet propelled gadgets spiritually. Nor is it necessary, for as recently as 2,000 years ago the man of today and the man of tomorrow was given the blueprint by means of which he could build a social structure capable of involving any technology, however great, capable of taking the products of research and invention and fitting them into the scheme and pattern of human destiny for the building of ever taller and taller spires. The cornerstone that the builder once rejected before is being overlooked today; the simple blueprint. It says, "Love your enemies." What a foolish thing that is, but it works. They are no longer your enemies. "Turn the other cheek," is still sillier but it is seldom, if ever, struck. "Go the second mile." Make your necessity your opportunity to give that surplus of service that will melt down the enemy quicker than anything else.

The man of tomorrow may be a cosmic madman, some monstrous Nero of posterity, riding his space ship to a certain doom and chaos. Or this generation of Americans may get wise to ourselves and reach up and grip the eternal values and then be lifted into a new social structure far beyond our fondest dream. This would be a world forever new, a tool synchronized with the great moral laws of the universe. As H. G. Wells, said, "The student teacher of the universe, using the world for a footstool, and reaching for the stars." What that man of tomorrow is going to be, this generation of Americans will make it.

## The Credit Experience of Thomas Jefferson as a Lawyer

DR. W. C. PLUMMER, Professor of Economics, University of Pennsylvania, Philadelphia, Pa.

THOMAS JEFFERSON began the practice of law in February, 1767, before he had reached his twentyfourth birthday and continued to practice for the next seven years. It is the credit given by him to his clients in connection with the legal services rendered to them that this article is concerned.

Jefferson had a very large law practice considering the fact that he was a young man just starting in the profession and also that this was just one of his occupations during these years. He had come into his inheritance when he came of age and was engaged as a planter at the same time that he practiced law. He likewise had responsibilities in the management of the estates of his widowed mother and his sisters and younger brother. He was a member of the House of Burgesses for Albemarle County beginning in 1769. The building of the mansion on Monticello, the little mountain across the Rivanna from Shadwell, the family home, was started during this period.1 That Jefferson had as much legal business as he could attend to is indicated by the fact that when Robert Carter Nicholas retired from the bar in 1771, he wanted to turn over his business to Jefferson. Jefferson was unable to accept the additional business except for the time being and later it was turned over to Patrick Henry.2

The names of many of the members of the most prominent families of Virginia are found among Jefferson's clients. On June 14, 1768, which was the second year of his practice, he writes in one of his notebooks that: "The Honble Wm. Byrd retains me generally." At the other extreme are some clients who otherwise are lost to history such as the one of a mulatto whose case he took without fee. The mulatto was suing for his freedom. He was being held in servitude because his grandmother, also a mulatto, had been bound by the law to serve until the age of thirty-one and during her servitude had been delivered of the mother of Jefferson's client. Jefferson lost the case but no lawyer could have done more for a client regardless of the size of the fee.

Jefferson's case book shows that he was employed in 949 cases before the General Court of Virginia during the years of his practice and this was not the whole of his practice. For example, in 1771 when he had 137 cases before the General Court, he also was retained as attorney or counsel in 293 additional cases during that

year. It is said that both by training and temperament Jefferson was better fitted for practice before the General Court. However, during the years of his practice he rode the circuit of county courts and had cases at one time or another in forty or more of them.

The total of fees charged by Jefferson in the first year of his practice from February 12, 1767, when he undertook his first case to the end of the year was £293.4.6. His total receipts during the year were only £43.4.1 and the amount outstanding at the end of the year was thus £250.0.5.

Jefferson's volume of business was greatest in 1770 when the fees charged totaled £521.5.1. His collections during that year on this amount and the balances outstanding from previous years were £213.6.11. The total fees charged by Jefferson for the seven years and seven months of his practice were £2507.8.4. His total collections on this amount were £1135.7.0 and the balance outstanding was £1372.1.4.

Jefferson gave up the practice of law on August 11, 1774, at which time he transferred his business to Edmund Randolph.<sup>a</sup> He assigned accounts totaling £519.3.2 to Randolph for collection. These apparently represented the accounts that were thought to be collectible and Jefferson estimated that about two-thirds of this total of £519.3.2 would ultimately be collected. The remaining accounts, many of which had been outstanding from the early years of his practice, apparently were considered uncollectible.

#### A Large Amount Never Collected

It would appear, therefore, that a total of something over £1,000 was never collected. Jefferson's bad debt loss based on his total legal business was thus 40 per cent. And it can be seen from the following table that he had to wait a long time on the average for the money that he did get.

Fees Charged, Collections and Outstanding Balances of Thomas Jefferson as a Lawyer During the Years of his Practice<sup>4</sup>

Year	Fees	Chai	ged	Colle	ectio	ns	Balance Out- standing at End of Period				
	£	8	d	£	8	d	2	8	d		
From Feb. 12, 176	7 293.	4.	- 6	43.	4.	1	250.	0.	5		
176	8 304	. 8.	5	71.	6.	0	483.	2.	10		
176	9 370.		0	147.	3.	0	706.	10.	10		
177	0 521.	. 5.	11	213.	6.	11	1014.	9.	10		
177	1 280.	. 12.	0	154.	10.	8	1140.	11.	2		
177	2 349	. 5.	3	167.	19.	11	1321.	16.	6		
177	3 331	. 12.	0	257.	4.	9	1396.	3.	9		
To Aug. 11, 177	4 56	. 9.	3	80.	11.	8	1372.	1.	4		
Total	2507	. 8.	4	1135.	7.	0	1372.	1.	4		

Edmund Randolph later became Governor of Virginia,
 Attorney-General and Secretary of State of the United States.
 Compiled from the Fee Book of Thomas Jefferson, Photo-

stat in Library of Congress, original in Henry E. Huntington Library, San Marino, California.

 Shadwell was named for the London parish where Jane Randolph, Jefferson's mother, was born.

The Rivanna was the north branch of the James River. Jefferson's earliest known reference to Monticello was in his Garden Book under date of August 3, 1767, where it is recorded that cherry trees were grafted at Monticello on that day. On May 15, 1768, he recorded in his notebook covering that year that he made a contract for leveling 250 feet square on the top of the mountain, the work to be finished by Christmas. The digging of the cellar was begun on a "cold snowy day" some time after the first of the year 1769, by "four good fellows, a lad and two girls abt. 16."

2. According to one writer, Robert Carter Nicholas "had enjoyed the first practice at the bar." When Jefferson began to study law, Nicholas was one of the leaders of the Virginia bar along with George Wythe (under whom Jefferson studied law), Peyton Randolph and his brother John Randolph (cousins of Jefferson's mother), and Edmund Pendleton. Patrick Henry achieved fame as a lawyer a little later.

## The House that Sears Built

1

The Merchants Association of Bakersfield, California, Herbert P. Sears Company, the Medical and Dental Finance Bureau and the Credit Executives of Bakersfield celebrated the opening of their new CREDIT CENTER with an open house.

Herbert P. Sears

CREDIT CENTER, the new home of the Merchants Association of Bakersfield, Herbert P. Sears Co., Medical and Dental Finance Bureau, and the Credit Executives Association of Bakersfield, Bakersfield, Calif., opened its new office recently with a housewarming. From a humble beginning, which consisted of one-third of an office, a part-time stenographer and Herbert P. Sears, Manager, the organization has grown to cover 4,000 square feet of floor space and to employ an office staff of 34. Sixteen persons are in the collection division and 18 in the credit division.



Telephone reporting department of The Credit Bureau

The Merchants Association was organized in 1922 and the Sears Company in 1929. Like the Merchants Association, it had its own collection and credit department. In 1940, the Merchants Association and Sears consolidated, with credit reporting under the name of The Credit Bureau. The collection department is handled by the Sears Company. Medical and Dental Finance Bureau was initiated in 1940 to handle doctor and hospital accounts. Also available to the medical members are a billing service, financial aid, investigations and a registry of applicants for office and nursing jobs.

Following the opening of the new offices, the Merchants Association presented framed diplomas to 17 graduates who completed the evening high school 14 weeks' credit course conducted by Arthur H. Peart, Credit Sales Manager, Malcolm Brock Company, and President, Credit Executives Association of Bakersfield. The course was given under the direction of the N.R.C.A. based on the textbook, Retail Credit Fundamentals, by Dr. Clyde Wm. Phelps.

Mr. Sears started his first office with two insurance men. Luckily, his former stenographer at Standard Oil had quit her job to get married and now wanted parttime work. She became his assistant and deserves much credit for his early day progress. The years that followed convinced him that a collection business is built gradually on the ability and integrity, not alone of its owner, but of every one of the employees in the organization. He says: "There are no tricks which will serve as short-cuts to financial success in our profession. The confidence of your staff is as important as that of your clients, if they are to help you build. The best method is to collect more than was expected through the exacting channels of ethical practice. The collector who wants to establish himself in his community must earn the respect of the creditor, debtor and employee."

The collection department of the Sears Company expects and does collect an average of \$1,000.00 per employee each month. This is accomplished through proper organization and supervision according to Mr. Sears. Form letters and telephone calls do most of the collecting work. The agency's outside personnel are not collectors. They are known as investigators. Debtors are trained to either mail in their checks or call at the office and make payment. Since Bakersfield is a comparatively small community, the greater percentage of payments is made at the counter. The two photographs on this page reveal another important bit of philosophy in back of his blueprint for high recovery rate. It is that pleasant surroundings and modern equipment make for good office morale and efficiency.

Nor has the credit executives' interest been lacking in national affairs either. Recently the Merchants Association notified all of its members in its bulletin that all members would benceforth become members of the National Retail Credit Association and that they would be billed for the annual membership of \$5.00. As a result the Credit Executives Association of Bakersfield now has a total National membership of 171. This is a net gain of 116 during the past year. Mr. Sears was assisted in this membership campaign by O. L. Kinzer, National Director, who is associated with the Jack Davenport Typewriter Company of Bakersfield.

The National Retail Credit Association congratulates Mr. Sears on his achievements and wishes him much success in the years to come.



Collection division of the Sears Company



## Mrs. Pat Hughes Chosen "Career Woman" of Birmingham

RS. PAT HUGHES, Past President of the Credit Women's Breakfast Clubs of North America was chosen "Career Woman" of Birmingham, Alabama, at a banquet held at the Tutwiler Hotel, July 18, 1951. The competition is sponsored by the Birmingham News and the Birmingham Post-Herald. More than 200 women were nominated and each of the thirty finalists was chosen as the top career woman in her particular field of employment. Mrs. Hughes is supervisor of the reporting department of the Merchants Credit Association which is the Credit Bureau of Birmingham. It is the second year she has been nominated for the honor. The judges were the executive vice president of the Chamber of Commerce, a merchant, and a professor from Birmingham-Southern College. In addition to being named Birmingham's career woman, she received a check for \$200.00. More than 300 of the city's business women and their escorts attended the affair, dining at tables decorated to identify the various professions of the candidates. Shown in the picture above is Harry B. Bradley, Business Manager, Birmingham News, presenting the \$200.00 check to Mrs. Hughes.

In her working career she has held but four jobs and for the last 25 years has been employed by the Merchants Credit Association. She is past president and a member of the board of the Birmingham Credit Women's Breakfast Club; past president and board member of the Dixie Council of the Credit Women's Breakfast Clubs of North America; and a member of the Board of Directors of the Associated Retail Credit Managers of Birmingham.

The speaker of the evening was a career woman of national reputation, Pauline Frederick. She told her listeners that in spite of the banquet tribute to her sex, "I cannot forget the glaring fact that American women are second-class citizens when it comes to having any voice in the most important decisions of the day." She pointed out, however, that she was not sure that women would have influenced wiser diplomatic and military policies than those since World War II. "I submit that since men are failing to assure succeeding generations the salvation from the scourge of war, they owe it to everything they hold dear to give women an opportunity to help them in the search of peace." In addition she said that she always rebels at the idea of being a feminist campaigning for equal rights and feels that the emphasis should not be put on sex but on qualifications for the job. "There are still fields of activity where the barrier to entrance is sex. But the old concept of women being ornaments rather than intelligent human beings is breaking down," she said.

Mrs. Hughes is a mother, business woman, wife and grandmother all wrapped up in one little charming package. Her overwhelming feeling was obvious when she became aware of the honor that was hers a few minutes before her name was announced when Mrs. Leon F. Sensabaugh, Birmingham-Southern College, made the presentation speech and outlined some of her accomplishments. Her article "Women at Work," which appeared in the May 1951 CREDIT WORLD, had quite a bearing with the judges. Mrs. Sensabaugh quoted from one paragraph of the article in her presentation speech.

"It is hard to realize that I have really received this honor," she remarked to her host of friends gathered around to congratulate her. She plans to use part of her \$200.00 for a vacation, in addition to celebrating her 30th wedding anniversary.

The National Retail Credit Association takes this opportunity to congratulate Mrs. Hughes on this well-deserved honor.



352 FOURTH AVENUE . NEW YORK 10, N. Y.

## Merchandising the Credit Department

DEAN ASHBY, Credit-Manager, Famous-Barr Company, St. Louis, Missouri Past President, National Retail Credit Association

R ETAILING and the use of credit must be progressive. The permanence of our future prosperity depends in a large measure on retailer's ability to move veritable mountains of merchandise. As the economic need increases for accelerated movement of merchandise and the pressure increases, the only escape from the pressure is better retailing with the aid available

through retail credit channels.

Top management today is vitally concerned with this major problem of stimulating demand for merchandise. The credit department plays an important role in creating the avenue whereby the consuming public may secure this merchandise and thus stimulate the markets. The decline in the average customer's cash resources, means that credit sales must move up to compensate for falling cash sales. You must gear your credit department to do a booming credit business, do it fast and do it on a safe basis. Today we must have objectives, not objections to

Competitive selling takes imagination, to attract and keep customers. Business in general must not be bound and shackled to its own traditions. Because we do not sell to a fixed audience but to a constantly passing parade. The credit department can use a medium which every store has to let customers know by seeing, namely the display windows, which have always been used in the past to display merchandise. Why not use these same windows to display your credit department and thus acquaint the buying public with the many advantages of using your

credit facilities?

Such an idea put into practice during the months ahead, changing the window each week, will create an added use of credit and thereby stimulate business. It will prove to be most educational and informative to the average customers and create a better understanding of the use of credit. Many of your customers are aware of the accommodations granted by the diversified types of credit that you extend; however, unless this is brought to their attention constantly it may be that they would overlook the convenience of credit accounts and not purchase the maximum amount when shopping in apparel

By the proper display of attractive cards emphasizing that this merchandise may be purchased on Charge Accounts, Deferred Payment Accounts, Convenient Payment Coupon Accounts and Revolving Credit Accounts it would be instrumental in creating an added desire for better price merchandise as well as a larger volume of purchases. The use of this facility would greatly increase the average sale and would be instrumental in moving the greater amount of merchandise. The proper merchandising of the credit department through this facility would aid sales tremendously.

Because you have customers visit your credit office each day who are in the mood of buying they should be acquainted with the newspaper ads that are run for today. While they may have read them in the paper the night before or this morning it is very possible that they have

overlooked some of the items in which they are interested. By having these ads properly displayed in the reception room as well as in the interviewing booths it would be a constant reminder of the attractive merchandise offered that you have for today and no doubt be instrumental in creating an added desire for purchases and arranging for them while they are in the Credit Office.

The tear sheets of our ads should be delivered to the credit office each morning to be placed in proper display as mentioned so at all times customers who visit the office may have an opportunity of reviewing these ads at their leisure moments in the reception area, as well as the time they are being interviewed for the account accommodations. This will be instrumental in creating additional sales because they are in the mood of buying on an account. The best time is all the time for a continuous year-in-and-year-out program which is much more productive than one single campaign or a series of loosely planned campaigns. The primary reasoning stems back to the real value of CHARGE ACCOUNTS.

A CHARGE ACCOUNT is a merchandising device having convenience as its major attraction. Just as we provide escalators, elevators, shopping services and other conveniences to attract and hold our customers' patronage and good will, so do we supply and urge the use of charge accounts. This is done because of the well-known fact that, in the long run, charge-account customers are easier to identify, keep in touch with, are more store loyal, stay with us longer and furthermore prove to be

better customers than cash buyers.

Secondary reasons for continued solicitation include the fact that there is a steady mortality rate on old charge accounts to suggest death, removal and a variety of other reasons. To maintain and increase sales volume promotion, it is necessary to replace these so-called "dead accounts" continually. The life expectancy of the average charge account is considered to be about 10 years. At this rate you are losing active accounts at the rate of 1,000 per year for every 10,000 accounts on your books. Therefore to maintain an actual increase of approximately 5 per cent per year, it is necessary to solicit new accounts at the rate of 15 per cent of the total of your active accounts, 10 per cent for replacement purposes and 5 per cent for a desired increase. However, this would not mean that no attempt should be made to reduce the assumed 10 per cent mortality rate.

#### Effort to Reactivate Old Accounts

A special and determined effort should be made to reactivate old accounts therefore maintaining the maximum rate of active regular accounts. There is also a brighter side to this mortality rate and just as you lose old accounts through such things as death and removals, the same laws of nature supply us with potential replacements. These will come about through solicitation of marriages, newcomers, will calls, cash deliveries, bank checks, and COD's in your natural trading area. By means of a continuous solicitation program you gain a large part of this new account potential before habitforming influences elsewhere make it less available.

Advertising and other forms of solicitation promotion help to get people into your store. Charge accounts make it more convenient for people to take advantage of your merchandise and services. The more charge accounts you have the more productive the sales promotion will be. Continuous solicitation assures you of the steady supply of new accounts in keeping with the steady growth of your trading area. While you cannot do without sales promotions or charge accounts, it follows that you must use a means of assuring a steady growth of charge volume through a most effective means which is continuous solicitation.

At least once a week you should have a credit application blank appear in your ads which will give prospective charge customers an opportunity to fill this in and return it to you indicating their desire for a charge account. These would then be processed by your new account department and a credit report received from the credit bureau to determine the desirability of the prospect and if the report is favorable would indicate by writing the customer the account had been opened, and would order a Charga-Plate for their convenience. Through the constant use of this type of promotion many desirable charge accounts would be secured and much additional business would be had from this type of prospect.

The contention is that merchandise on lay-away or will call is out of stock but is not always a final sale. It is believed that customers of lay-away or will call might be good charge account customers if properly approached and thereby making a final sale. Of course, it is agreed that some would be good will call or lay-away customers and not good charge customers. However, in order to determine who is a possible charge customer prospect it is suggested that each day the will call department send to the credit office a complete list of the names and addresses on will calls.

#### List Checked Against Credit Files

This list would then be checked against the credit files to determine whether you have the account. Those which have accounts would be eliminated from the list. The remaining ones would be sent a letter enclosing a credit application asking them to fill in, sign and return to you in a postpaid envelope. Those which are returned would be cleared through the credit bureau to obtain a credit report and as soon as the account has been approved the prospective customer would be notified and sent a Charga-Plate for their convenience and suggest that they transfer the balance on will call to their charge account so that they may have the use of the merchandise immediately. This procedure often brings the customers into the credit department to make inquiry regarding the account and gives you the opportunity of explaining its advantages. This is a very good source of new account prospects and eliminates many will calls in the future.

Many cash customers who have their purchases delivered are logical prospects for new charge accounts. The suggestive idea of soliciting them for charge accounts is made possible by the use of an enclosure in the packages delivered. This method will result in a number of new accounts because it will be quite convenient for the prospective customer to fill in the application blank and return it to you at her convenience. You would 25th success-year with Sears, Roebuck; Jordan Marsh; May Co.; and other top stores, large and small.

## FREE CREDIT

Lester Brozman, America's No. 1 retail credit sales and direct mall authority, will analyze your credit sales promotion program.

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then proceed in the usual manner of getting a credit report and notifying her as soon as the account is to be used.

We are suggesting the possibility of using a telegram, or rather a night letter, to be delivered by the Western Union to these prospects immediately upon their arrival to be followed with a newcomer letter and then to request a credit report from their previous residence and thereby have the information available as soon as they are in the mood of buying. A richer source of obtaining new charge accounts can hardly be imagined for here are prospective customers ready to make new shopping preferences. A welcome to our city and an offer of service are especially appreciated at the time of their arrival.

The reason why many accounts become inactive is due to the fact that we do not acknowledge the transactions and the activity of the accounts during the period of time that they are used. This should be given serious consideration and proper acknowledgment be given on every occasion that it is deemed advisable so that your customers will know that you are constantly in touch with the activity of their account, encouraging them to continually use the account regularly. Letters are suggested as a method of acknowledgment for the occasions, namely, substantial purchases on account, substantial amounts paid on an account, prompt payment and active use of the account after six months, prompt payment and active use of the account after one year, five years, ten years, fifteen years or more.

Store executives have come to recognize the fact that the credit department offers greater opportunities for promotion of additional business than any other section of the store. It is this department which is in constant touch with, and exercises the closest supervision over, the three most potential fields open to any store for the promotion of extra sales volume. These opportunities for increasing sales lie in the creation of additional buying on the part of active charge customers, the control of accounts to prevent them from becoming inactive, and the creation of new customers through the intelligent solicitation of new charge accounts.

### Handling Credits in a "Service" Business

HEN IN ROME do as the Romans do. Or when doing business in the coal mining country, do it as they do there, on the charge or installment buying basis, be it for food, frills or fire insurance. When J. C. Spurlin established a general insurance agency in the Kentucky coal mining town of Prestonsburg he faced problems uncommon to insurance agencies but common to many retail and community service businesses. It was soon evident that the bulk of his business was going to be on credit and, even, on a dollar-down-and-a-dollar-when basis.



Remington Rand

All of the vital credit and collection records are contained in this point-of-use Safe-File deak, fully protected at all times.

It was evident, too, that the establishing of an insurance agency under such conditions would require more than the usual few simple books and files. The manner in which the Spurlin Insurance Agency has been able to develop credit and collection procedures and to cope with an ever-expanding number of accounts receivable without scrapping one system after another to handle such growth demonstrates how foresight and a bit of ingenuity paced record-keeping costs while permitting unlimited flexibility.

Instead of the traditional agency system of bound or loose-leaf ledgers and journals, the Prestonsburg agency set up its accounts receivable controls in a system of trays, ledger cards, visible margin indexing and plastic signal tabs and charts. SUIAP (the Simplified Unit Invoice Accounting Plan), which has been applied to the accounting control elements of Spurlin's, reduces credit checking and the billing procedures to five steps, and at the same time eliminates certain costly machine operations.

Kolect-a-Matic trays, in a Safe-File desk, carry upright panels of 25 pockets. These pockets house ledger cards, approximately 8" × 6", which contain permanent information as to the policies held by that account: date of policy, policy number, name of insurance company, amount of insurance, description of coverage, expiration date and premium. Below these sections are spaces to show total premium; down payment; first installment, when due; second installment, when due; and the amount monthly thereafter for the number of months additional.

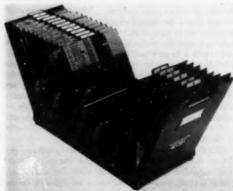
The visible index margin, protected with clear colorless celluloid at the top of the pocket, shows the name of the insured, along with a January-to-December scale and designates the date the account is to be billed. A sliding arm (Graph-a-Matic) set at the month the charge is made "ages" accounts and is the actual posting media of the record. The tray-panels-and-cards represent a moderate investment for even a few accounts, and the system can be expanded to handle as many thousands of accounts as growth of the business calls for, simply by adding panels of cards as required. Records such as these, vital to any business, are fully protected at all times because the Kolect-a-Matic trays and ledger cards are housed in a point-of-use Safe-File desk.

When an account is to be billed, the invoice is made out and mailed (Step 1). The copy is dropped into the correct account pocket and the Graph-a-Matic signal set at the current month (Steps 2 and 3). When the account is paid the signal is moved back to the center (neutral) position (Step 4), and the invoice is placed in the proper file (Step 5). Dropping the invoice into the pocket and setting the signal posts the account.

Speaking of the benefits from the standpoint of clerical efficiency and economy, J. C. Spurlin had this comment: "The billing clerk's work is practically an automatic reflex with SUIAP; her job is quickly and efficiently do not not other office duties before the day is well along—without having wasted a minute looking up numerous accounts from a stack of papers each day."

From the management standpoint, including the matter of credit and collection control, the Kentucky insurance man points out that merely by glancing at the visible index margins Spurlin's management has at-a-glance review of the entire accounts receivable without the necessity of studying individual account sheets. This "picture window" control charts the paying habits of each account and gives management up-to-the-minute data on receipts and collection follow-up when it is required.

Since the records are housed in a "Safe-File" desk, the records are protected from fire and other tampering; and the file becomes a miniature vault when desk is locked.



Remington Rand

Posting to this combined credit record and accounts receivable ledger is accomplished simply by dropping invoice copies and other posting media into alphabetically arranged and visibly indexed pockets, and by setting plastic burs on margin charts.



#### Burlington, Iowa

At the first annual meeting of the newly organized Retail Credit Association, Burlington, Iowa, the following officers and directors were elected: President, Glenn Rossiter, Mississippi Valley Savings and Loan Association; Vice President, Mark Sturgeon, Iowa Southern Utilities Co.; and Secretary-Treasurer, Mrs. Madeline Sinn, Block's. Directors: Milo Reusch, Credit Bureau of Burlington; Adelaide Reiter, Klein's; and Delphine Kissinger, Buhmeyer Motor Sales.

#### Birmingham, Alabama

At the annual meeting of the Associated Retail Credit Managers, Birmingham, Alabama, the following officers and directors were elected: President, T. A. Nickel, Bromberg & Co.; First Vice President, J. L. Guyton, Mutual Savings Credit Union; Second Vice President, T. D. Folsom, Alabama Power Company: Third Vice President, Elnor Martin, Vaughan-Weil; and Secretary-Treasurer, W. V. Trammell, Merchants Credit Association. Directors: Searcy H. Johnson, Jr., Moore-Handley Hardware Co.; George H. Allen, Fidelity Mortgage Co.; I. M. Allums, Haverty Furniture Co.; W. V. Beddow, Porter Clothing Co.; Mrs. Frances Calhoun, P & S Apothecary; Jeanette Davis, Office Outfitters Co.; B. C. DeLoach, Loveman, Joseph & Loeb; Irving Gladstone, Industrial Loan & Finance Co.; Mrs. Maurine Greene, B. F. Goodrich Stores; Mrs. A. P. Hughes, Merchants Credit Association; Paul Jackson, Southern Bell Telephone and Telegraph Co.; W. A. O'Hara, Calder Furniture Co.; W. H. Ray, New Williams; and Virginia Young, Maring-Crawford Motor Co.

#### Orlando, Florida

The new officers of the Retail Credit Association of Orlando, Orlando, Florida, are: President, Leo S. Theisen, Lu-Sair, Inc.; Vice President, Mrs. Opal Tanner, Dickson & Ives Co.; Treasurer, Frank White, Yowell Drew Ivey Co.; and Secretary, Betty Gulick, C. J. Balliet Co.

#### Philadelphia, Pennsylvania

The Philadelphia Retail Credit Managers Association, Philadelphia, Pennsylvania, has elected the following officers and directors for 1951-1952: President, John A. Sears, Provident Trust Co.; Vice President, Charles H. Dicken, Gimbel Brothers; Treasurer, Woodrow Zimmerman, Scott & Hunsicker; and Secretary, Nicholas Lauletti, Blauners, Inc. Directors: I. Lehr Brisbin, Girard Investment Co.; Frank M. Crutchley, N. Snellenburg & Co.; Arthur B. Daniels, Kahn & Rosenau; Wm. A. Dietrich, Geo. B. Newton Coal Co.; Wallace P. Feeney, Sears, Roebuck & Co.; Alexander Gunther, First National Bank; Daisy Hilbronner, The Blum Store; Samuel Kind, S. Kind & Sons; Frank M. Layton,

Strawbridge & Clothier; Chas. B. McGoldrick, Frank & Seder; William Stockton, Atlantic Refining Co.; J. Stanley Thomas, Credit Men's Association of Eastern Pennsylvania; and Clarence E. Wolfinger, Lit Brothers and Past President, N.R.C.A.

#### Chicago, Illinois

The new officers of the Associated Retail Credit Men of Chicago are: President, Robert M. Hartle, Morris B. Sachs; Vice President, R. B. Mitchell, Peoples Gas Light & Coke Co.; Treasurer, Wallace G. Hocker, Chas. A. Stevens & Co.; and Secretary, Carl S. Hobbel, Credit Bureau of Cook County.

#### Ontario, Oregon

The Retail Credit Association, Ontario, Oregon, has elected the following officers for the ensuing year: President, Claude McPherson, U. S. National Bank of Portland, Oregon, Branch: Vice President, Earl Bopp, Malheur Motors; Secretary, Carmond Metzger, C. C. Anderson Stores Co.; and Treasurer, Dwight Johnston, Van Petten Lumber Co.

#### JUST IN TIME FOR CHRISTMAS!

You want to open New Charge Accounts and reactivate dormant accounts in time for the Christmas Shopping Season.

Right now, while you are thinking about it, ask us for samples and information on how leading stores use Reply-O-Letter to do both these jobs **SUCCESSFULLY** 



## FOR THE SMALLER BUSINESSMAN Sales Promotions—Office Procedures Gredit & Collection Problems

#### **Credit Sales Promotion**

THIS ARTICLE is written chiefly for the smaller merchant who wants to be bigger. It should, however, hold interest for all who offer credit as a customer service.

Every merchant doing a credit business must, sooner or later, make a few decisions as to what he is going to do about credit sales promotion. Steady losses occur in every customer list due to inevitable changes, moving away, death, and all the other hazards of business patronage. Just to maintain a given level of credit volume, these customer losses must be made up.

The word policy sounds somewhat lofty for the smaller businessman, but it is the only word that seems to describe what we are after, and that is, a course of procedure toward stated objectives. Policy comes before action. Before we start a journey we should know where we are going. Otherwise we might easily get lost.

Actually, smaller merchants often drift into a credit business. A few "on the cuff" transactions occur, and soon they are doing a sizable credit volume. Problems then arise that must be settled on the spur of the moment, often without any clear pattern or uniformity. Not only is the merchant himself confused, but those working for him are unsure of what to do.

#### How to Get More Credit Business

We are often asked by smaller merchants, "How can we go about getting more credit business?" Before we can answer that, we must ask the merchant if he has any idea what he wants (and can handle) in the way of additional credit volume. Each merchant must determine for himself how much credit he is prepared to extend; what terms shall be offered, what types of credit best fit his operation, and to whom credit shall be granted.

Only the merchant himself knows the kind and size of store he wants his to be in the next five or ten years. He best knows the amount of capital available for financing credit operations. The details of his competitive position, nature of clientele, and other relevant factors, are best comprehended by him. It is only after answers to these questions are obtained that any help can be given him.

All merchants are in business to make a profit. Credit, while being a wanted customer service, must result in increased profitable volume to be justified. There is no doubt that soundly managed credit operations increase business. On the other hand, unless much thought is given to arriving at a definite policy, it is possible to become involved in difficult and costly problems.

It might be well here to list some of the advantages and disadvantages of credit (from the merchant's point

of view), in order to help arrive at an answer to this question of what to do about credit sales promotion. Among the advantages of credit are:

- 1. Credit helps secure additional business at relatively little increased expense.
- 2. Credit attracts customers who want or need that service.
- 3. Credit enables the merchant to compete with cash stores on service rather than on price alone.
- 4. Credit personalizes business transactions, and makes customers feel themselves to be part of the store.
- 5. Credit makes casual customers into regulars.
- Credit brings traffic to the store and thus increases "impulse" buying.
- 7. Credit tends to cause the customer to concentrate purchases in one store rather than scattering them. Helps establish the store as the "favorite."
- Credit records provide a valuable buying history of each customer, thus enabling pinpoint promotions of special merchandise offerings. Credit records, too, tell the merchant what merchandise is generally preferred and reveal much other important information.
- 9. Credit facilitates the selling of the "better" item; the "two instead of one"; the related item as well as the one originally intended.

Of course, there are some disadvantages too:

- Credit causes capital to be tied up in customer's accounts. Might sometimes necessitate borrowing.
- 2. Some small losses from bad debts are inevitable.
- 3. Collection problems, in varying degree, are bound
- Credit brings some additional direct operating costs such as supervision, credit investigation, bookkeeping and collection procedures.
- 5. Credit offices occupy space and require maintenance.

#### Credit Policy Should Include Six Points

After weighing all these considerations, the merchant should be able to state his credit policy. It will include these points:

- 1. Passive or active credit sales promotion program.
- 2. If active, steps to be taken, goal figures, etc.
- 3. How much Accounts Receivable desirable to carry.
- 4. Monthly collection percentage to attain.
- 5. Amount of bad debt loss considered acceptable.
- 6. Fixing responsibility for credit management and training necessary personnel.

It would seem wise for smaller merchants to take enough time to think this matter through. Then, actually write out the general credit policy the store will follow for the period ahead. Just the act of writing, forces realistic thinking.

If the merchant is his own credit manager, then at least, he has a clear idea of what his aim is. Where he has someone else to handle credit matters, there is a great advantage in giving that person a blueprint of the general procedure to follow. The better the understanding, the better the teamwork,

Of great help in arriving at a credit policy is the experience of the past. A study of the present customer list will reveal interesting and perhaps unsuspected angles. It will be discovered, for instance, where the present customer strength is principally located. From the record of previous bad debt accounts, weak spots in credit judgment and analysis will be revealed.

To accomplish this study, take a cross section of the accounts, about one-tenth of the total, list them on columnar paper and analyze them for the several factors on which enlightenment is needed. Here are a few suggested headlines for the analysis:

- 1. Name and address of customer.
- 2. Date account opened.
- 3. How account opened (solicitation or application).
- 4. Occupation.
- 5. Credit limit placed on account.
- 6. Geographical area of residence.
- 7. Total purchases made during preceding twelve months.
- 8. Amount of returned merchandise.
- 9. Departments or sections of store in which most purchases were made.

#### Louis Selig Joins House of Fashion

Louis Selig, has joined the House of Fashion, Baton Rouge, La., as Vice President, I. H. Rubenstein, President, announced recently. The two men have been friends for many years and have previously been associated together in business, Mr. Selig having been employed by Mr. Rubenstein's late father in 1923 when he was President of Rosenfield's. Mr. Selig has served as secretary-treasurer and credit manager of Rosenfield's, working with the firm for the past quarter of a century. He is presently serving on the advisory committee of the YWCA and is a member of the board of directors of the YMCA. He is on the board of directors of the National Association of Cost Accountants, the Central Comptrollers' Conference, Civic Symphony, and is secretary of the Society for the Advancement of Management. He is a former president of the Kiwanis club of Baton Rouge and a past president of the Retail Merchants Credit Association.

- 10. Payment record.
- 11. Such other information as may be desired.

This is, in effect, a census of the accounts already on the books. While this procedure might seem a formidable piece of research, yet it will pay off in giving valuable guidance as to the policy to follow in credit sales promotion.

In a later article we shall discuss practical methods of getting more credit business for the smaller merchant.\*\*\*

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For Collection

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#### Nationwide Spot Check of Current Collection Conditions

AT THE Chicago Conference there was reported some slowing of collections here and there. However, no definite trend was apparent. Since then it has become clearer that collections are softening enough to indicate a general trend. In order to get a better idea of what is happening we sent letters to representative credit executives throughout the nation. Here are some of the replies.

#### Salt Lake City, Utah

. . Our experience shows that collections for July of this year were about 12 per cent less than the same month of 1950; also, July collections were about 10 per cent less than collections for June of this year. Collections on budget accounts seem to be holding at about the same figure as last year. Therefore, we apparently have not experienced the marked drop in collections noticeable in other sections of the country.

#### Baltimore, Maryland

... We notice a few percentage points downward in collection per cent on a year-to-date basis through July 31, 1951. This is a pattern the city generally seems to be following. I feel it is due to: 1. Heavy scare buying causing the accounts that normally pay in 30 to 60 days to go as long as 5 months before complete liquidation. 2. Rise in food costs have slowed down payments on department store accounts. 3. Collection and billing personnel turnover, within retail stores, causing an interrupted collection procedure.

#### Philadelphia, Pennsylvania

. . Our collection percentage has been off from one to four points during the last six months. However, because of extra effort, our Aging is a little better and our write-off figures are much better. Do not believe this is typical of other stores. Our bad debt percentages last year were very bad . . . More effort must be spent to maintain last year's percentages and most stores will experience a percentage less than last year for the remainder of the year.

#### St. Louis, Missouri

... Our collection experience has not been unfavorable . . . Am inclined to believe perhaps some of the stores have not been as persistent with their collections as formerly and that naturally would change the picture somewhat regardless of conditions. We have in no way let up in our efforts.

#### Fort Worth, Texas

... While our collection figures have shown a marked reduction we have not become unduly alarmed as our charge sales figure has shown an increase. We have found that a decided concentrated effort is now necessary to effect any collection at all. Conditions locally stand to show improvement in the next months as Consolidated Vultee employing 25,000 people will soon add another shift. General Motors is building a large plant 15 miles out of town and expect to employ 15,000 to 25,000. We have 2 new 20 story buildings going up in town and business conditions in general have assumed a very optimistic tone.

#### Milwaukee, Wisconsin

. . For the last five months, there has been practically no change in the amounts collected percentage wise, varying only about 6/10 of one per cent during that time. However, last month there was a decided drop amounting to about 9/10 of one per cent. This we do not regard as being due to conditions, but simply the result of vacations as this was normal in July and August in back years . . . Only apparent change as far as collections are concerned is in the number of skips. These have increased considerably, and while most of them have been located, there seems to be a trend of migration to other towns. While this is more than we have had for some time, it is still not serious, and to keep it from getting so, we are requesting more personal references on all accounts opened with those who have not been located for some time in Milwaukee.

#### Cleveland, Ohio

... For the past several months our regular 30-day accounts collections have shown a decrease of four to five per cent... Inclined to attribute this to personnel difficulties in the Collection Department... Instalment collection percentages have been about equal to or better than last year. In this department there have been no personnel changes ... Seems to be evidence of overbuying—especially in the more modest income bracket.

#### Lincoln, Nebraska

. . . We turn accounts each month to our outside agencies; at the end of July, we turned more accounts for collection than in any single month during last nine years . . . We have had an unusually large number of customers who have folded up and left town leaving large accounts at many stores, without advising anyone of their intentions or whereabouts. These were good citizens who had respectable jobs, but for some reason or another have just decided to throw up everything and get out . . . One Credit Manager of our local Natural Gas Company told me they have had more shut offs for non-payment of bills in the last three months than in the prior ten years. Certainly the trend is away from prompt payment of accounts; and as credit granters, we must be more alert than in the past.

Cedar Rapids, Iowa

. . We are experiencing a tightening up of collections, and a slight increase in fraud charges, but unless the situation gets much worse, there is no cause for alarm.

Sioux City, Iowa

... There has not been much change in our collection percentages for the past year. In fact, collections for July, 1951, were slightly better than for July, 1950.

Decatur, Illinois

. . . Collections are getting slower, and require more attention and pushing.

Lansing, Michigan

... Am glad to report that there is no decided change in our collections, however, we feel this to be because of our strict requirements when opening accounts. Although there have been quite a few lay-offs of short duration our accounts are still holding their own.

Jacksonville, Florida

... Am definitely of the opinion that collections will be much more difficult during the coming twelve months. Our current collection percentage on open accounts is down slightly. However, in order to keep our collections up to these figures, it is taking more intensive collection effort. It is my belief we will have to intensify our follow-up of delinquent accounts, and step-up the pace considerably during the next year. Due to an increase in difficulties caused by people being called into the service, domestic difficulties, skips, and shifting populations seeking war work, together with the customary tendency on the part of many to overload, that we will, as a matter of policy, screen our applications much more closely.

Denver, Colorado

... We are not particularly worried about collection conditions in this territory, but find that a good deal more collection effort must be exerted to accomplish the same results over a year ago. . . . We find the type of credit application is of a higher plane, and collections so far are normal.

Milwaukee, Wisconsin

. . Noted a slight increase in the number of slow paying instalment accounts, but our observation of this condition is that most of these are the result of no down payment or very small deposits on sales made during the period when nearly everyone was running wild with "no money down, two years to pay, etc.," just previous to the re-enactment of Regulation W . . . The situation is not serious, and we see no reason for becoming unduly alarmed at this time . . . Milwaukee has a diversified industry. There is full employment at the present time. As long as this condition exists there will be no serious collection problem of instalment accounts except in the cases of adversity or unwise extension.

Fort Worth, Texas

... Employment in this area has been above the average and, although we find collections slower in 1951 than in 1950, so far we have not considered it alarming ... We keep a record of the number of accounts and also the dollars and cents past due for each month and 1951 figures compare favorably with those of 1950 ... Comparing collection percentages for the first seven months of 1951 with 1950, we are less than two per cent behind;

however, it has taken considerably more collection effort to hold these figures.

St. Louis, Missouri

. . . Collections have shown a small but very definite decline each month for the past four months. We find that it requires very consistent attention to delinquent accounts to maintain this return and are planning a program that we hope will result in a slight improvement during the coming months.

Louisville, Kentucky

. . . Our collection percentage has declined since February, 1951 . . . We are not unduly alarmed, but are somewhat concerned . . . Will probably put some additional pressure on collection.

Syracuse, New York

... For the first seven months of this year we find our average reduction in collections is one and one-half per cent compared to 1950 . . . Locally, having considerable lay-off in industry because of conversion to extensive war production programs and this has influenced collections to some degree . . . Find in many instances where both man and wife are working that in the past couple of years they have established satisfactory paying habits and we have pyramided their accounts in accordance with the double income. We authorize purchases on paving habits established by both incomes, but we do find that as soon as anything interferes with the wife's income, they are unable to liquidate their account on one income . . . there is considerable hazard because of this . . . Also find because of the large outstanding indebtedness of the average customer more pressure has to be used to keep the account current. This is another indication that if war production continues at its present pace or better, the profit and loss ratio will not increase to any great extent, but if we should suddenly find we do not need this war production, it is anybody's guess what would happen to "accounts receivable," as far as losses are concerned . . . Average collection on thirty day accounts in Syracuse has dropped about 10 per cent since the regulation was removed after the last war. This, of course, is not due to the fact that we had the regulation, but to the fact that retailers apparently do not have sufficient intestinal fortitude to control properly their "receivables."

Davenport, Iowa

. . . Collection percentage is slightly lower this year than last. July, if anything, is encouragingly higher than June of this year. . . . Slight drop we did experience traceable directly to mass hysteria at the outset of the Korean trouble when families clamored for items they then believed would be sharply curtailed. Many of these people contracted for obligations which proved to be in excess of their ability to meet when later they were faced with higher general living costs . . . In this particular area the influences of steady to strong expanding industrial activity in diversified lines, plus war production orders, greatly increased employment, earnings, and eased collection pressures as well . . . Can truthfully say we are enjoying a healthy current collection situation and do not anticipate problems that cannot be met with existing credit policies and controls-which are essential at all times.

## PROGRAM Suggestions Associations

### Nashville Presents "New Members" Night

ARTHUR G. TURNER, St. Bernard Coal Company, Nashville, Tennessee

Immediate Past President. Nashville Retail Credit Association

THE NASHVILLE Retail Credit Association's June meeting was so unusual that we consider it one of our top meetings of the past several years; possibly one of the most novel meetings in the history of the local association. Nashville holds its annual election of officers at this meeting and for this reason there seems to be a lack of enthusiasm in a regular planned meeting, includ-

ing speaker, entertainment, etc.

During the administration year just past we had some outstanding meetings, including a visit from the president of the National Retail Credit. Association, Clarence Wolfinger, Mrs. Ila Huff of Memphis, who was one of the speakers at the International Conference held at Chicago in June and other outstanding figures in the field of credit. Each month's program was handled by a different chairman, each striving to put on a better meeting than the other. Naturally, enthusiasm ran very high, gaining momentum as the year progressed. Program chairman selected for the month of June was unable to handle the meeting due to vacation conflicting with our meeting night. So we had to work on some ideas for that month to keep interest and enthusiasm at the high pitch.

Along about this time, I was guest of Harvey King (well-known collection figure, gaining national recognition at the Chicago conference) at the Nashville Rotary Club and this particular meeting was put on by the new members of the club. The idea was a good one but would it work in the Credit Association? We toyed with the idea and, frankly, as president of the local association, I was hesitant to even attempt it. I talked it over with the board of directors and almost everyone urged us

to go ahead with the idea.

Reluctantly, we got out a letter to the 50 new members calling them together one afternoon to plan this meeting. Only about a dozen of these new members showed up, but that was enough to start the machinery working toward one of our best meetings ever. These new members went right to work, selecting their chairman, appointing various committees, such as reception, attendance prizes, entertainment, etc. All of these were made up altogether of new members. These new members let it be known at the outset that they would not just simply put on another meeting. They would put on one equal to, or surpassing, any put on by old members.

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

It was really wonderful to watch the new members buckle down to work. They decided to really put on a new members' program it would be necessary for all of the new members to be present, so a telephone call rounded up all who did not attend the first meeting and NO was not even taken for an answer. They were told in no uncertain terms that they must attend, and an identification badge was given to each with instructions to be present wearing his badge.

A special bulletin was mailed to the entire membership outlining the program and calling attention to the fact that it would be one made up entirely of new members. The invocation was offered by new member J. B. Marks, Jr., Reception and Attendance Committees ably handled by Petesey Varley, Betty Ruth Turner and Mrs. Ann Madewell. Entertainment, by new members only, consisted of songs by Miss Marie Pomeranz, dances by Mrs. Ellen Bussell with dinner music by Mrs. Lois Houston. Tables were specially decorated by new members Mrs. Nell Robinson and Mrs. Lorena Coles. All prizes for the evening were donated by new members under the supervision of new member Otto E. Lemmer.

#### Speakers From Within the Ranks

Now I am sure you must be doubting their ability to produce speakers from within their ranks. This also seemed an easy task for the new members. They chose two speakers with subjects as follows:

Edward T. Doty, "What a New Member Should Contribute to Membership in the Nashville Retail Credit Association."

W. Joyce Stephens, "What a New Member Expects to Derive from Membership in the Nashville Retail Credit Association."

General Chairman of the meeting and Master of Ceremonies for the evening was J. E. Osteen, who claimed this his first experience but who performed like a professional. His handling of the meeting drew favorable comment from the entire membership attending and he received a standing round of applause for himself and all those who helped promote this special meeting.

In analyzing this meeting from a standpoint of its value to our local association, my opinion is that it has cemented the so-called "new members" to the association. They are now ready to take their places alongside the older members, all working toward a greater and better Nashville Retail Credit Association.

If you happen to be a program chairman in search of an unusual meeting, have your membership committee recruit some new members, turn things over to them, sit back, and be agreeably surprised at the outcome.



### Why Not "Accounts Receivable Markdowns?

HENRY C. ALEXANDER, Credit Manager, Belk Brothers Co., Charlotte, N. C. Second Vice President, National Retail Credit Association

IN THE ENTIRE membership of the N. R. C. A., I doubt if there is a single member who, if he so desired and were backed by management, could keep his credit losses to a figure approximating absolute zero. It would be a simple thing to do. The credit executive would refuse to approve any application that was not perfect in every phase. If the applicant had not previously established himself; if he were not wide open to collection by judgment; if his desire for credit were not motivated by convenience, rather than necessity; he would simply say, "No."

He would follow this one step further and place a definite limit, small enough to insure complete safety, refuse further credit if the account was not paid in full on or before the due date. He would start a once-a-week follow-up on past-due accounts and send his first notice three days after due date. The results would be a collection percentage well over 90 and a loss of under one one-hundredth of one per cent. On the surface this might look like a desirable proposition, but experience has taught us that we would not hold our present jobs with such a loss ratio or collection percentage. The extra caution exercised in the selection of accounts would immediately limit our potential customers to an extent that would cause credit sales to take a nose dive. At the same time, the cold-blooded and constant follow-up of our collection department would alienate our credit customers and drive them to our competitors. Management would rightly demand our scalps and would get them.

We have learned that a credit policy that was to the extreme right of the road was not the best for the average store. By the same token, we also know that the average retailer cannot swing all the way across to the left without serious consequences. With this knowledge, we set a figure, sometimes arbitrary, sometimes planned, to guide us in our operations. One store will operate on a 50 per cent collection, one-half of one per cent loss basis, feeling that for their particular operation this is reasonable. Others may insist on a larger collection percentage basis and smaller losses or less collections and greater losses. In any event, whether it is planned or accepted. we expect to take a certain loss on charge accounts. It

is part of our cost of doing business.

We in the credit department are not unique in this respect. Advertising operates on a budget. Management knows that they can safely spend a definite percentage of their sales to publicize their store and tell the public of their offerings. The same is true of rent, insurance, maintenance and every other item of expense connected

with running a modern store. The combined total of these items amounts to a sizeable sum. While they are held as low as possible, we all know they could be cut much lower. For example, we could cut advertising in half by reducing the number of inches of space we buy, and reduce the number of radio announcements and art work. We could reduce rent by moving to a less desirable location and even reduce the size of our store. But, like a too stringent credit policy, this would not be wise. While we would spend less money, we would sell less goods and the chances are that our profits would be less.

The same could be true with our merchandising. By fighting shy of style merchandise and selling only staple, middle-of-the-road items, we could reduce our merchandise markdowns to a point well below the figure set by the controller. But we would disturb the merchandise manager and the buyers with a policy of this kind and our customers would soon find another place to do their buying. All of the above are simple facts. It costs money to operate a store. Expenses are high. We recognize the necessity of paying them if we are to stay in business. But for the sake of fairness let us insist that retailing recognize all of these expense items are necessary and not classify one as expense and the other as a loss. If, in your operation, you pay three per cent of your net sales for rent, three per cent for advertising, five per cent for markdowns, these are expenses. You never hear of management referring to his check for the landlord as rent loss, although that money is gone forever as far as your firm is concerned. The money you pay the newspaper is not advertising loss and when you reduce your stock of ready-to-wear by thousands of dollars you list this reduction as expense. But when the credit department charges off a mere one-third of one per cent it is classified not as necessary expense, but as a bad debt loss.

#### Credit Backbone of System of Distribution

Now, credit is the backbone of our American system of distribution. Without consumer credit we would never have attained the high standard of living that we enjoy in this country today. We would not own the overwhelming majority of automobiles, bathtubs, television sets and countless other luxuries that we have come to think of as necessities. Credit is the means that we have used to secure the better things of life. Certainly it costs money to operate but it is not a dead expense. Credit produces many times its costs in sales and profits. Then why apply the stigma of bad debt loss or profit and loss

(Turn to "Markdowns," page 25.)

## CREDIT = FLASHES

#### **Boston Conference on Distribution**

The twenty-third annual Boston Conference on Distribution will be held on October 15-16, 1951, at Hotel Statler, Boston, Masa. The program will present more than 20 top authorities on subjects of direct interest to every executive who wishes to keep well informed on economic trends affecting the future of American business. Over 90 organizations cooperate with the Retail Trade Board of the Boston Chamber of Commerce in conducting these annual conferences along with the National Retail Credit Association. Its conferees are a cross section of the Nation's "Who's Who" in business, economics and other fields. The Conference is open to all who are interested.

#### Lincoln Honors H. B. Smith and H. R. Amos

Honoring H. B. Smith and H. R. Amos, who are relinquishing their positions as credit executives, Past Presidents of the Lincoln Retail Credit Association and guests, attended a dinner at the Lincoln University Club, Lincoln, Nebraska, May 28, 1951. George P. Kimball, chairman of the Association's active past presidents, presided and Max Meyer served as toastmaster. Guests were H. R. Spencer, president, Ted E. Barger, vice president. and E. L. Schuetz, secretary-treasurer of the Lincoln Retail Credit Association, H. R. Beeson, Fred R. Cox, and Eugene K. McMahan. Speakers included L. H. Daft, H. R. Beeson, and Messrs, Amos and Smith. The honorees were each presented with a scroll acknowledging appreciation for their ability and cooperation during their combined total of 88 years of activity in credit granting. Shown below is a picture of those in attendance. Seated, left to right are: Rex A. Smith, 1944; Harvey R. Beeson; Bryon Dunn, 1921; H. B. Smith, 1920: George P. Kimball, 1949: Max Meyer: H. R. Amos, 1929; William W. Bauer, 1942; C. W. Hyland, 1940; and L. H. Daft, 1941. Standing: Harry S. Oxley, 1938; A. A. Braun, 1924; Ted E. Barger; Floyd Schultz, 1935; Joe L. Owens, 1930; Fred R. Cox: E. K. McMahan: G. Henry Crane. 1943: Robert Gohde, 1947; George O. Smith, 1916, 1917; H. R. Spencer; Horace Hodgson, 1948; and Wheaton Battey, 1939.

#### **Coming District Meetings**

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin and Manitoba, Canada) will hold its annual meeting at the Hotel Cornhusker, Lincoln, Nebraska, February 17, 18, and 19, 1952.

District Seven (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Hotel Jayhawk, Topeka, Kansas, March 23, 24, and 25, 1952.

District Eight (Texas) will hold its annual meeting in San Antonio, Texas, May 18, 19, and 20, 1952.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at Albuquerque, New Mexico, April 20, 21, and 22, 1952.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will hold its annual meeting in Tacoma, Washington, May 18, 19, and 20, 1952.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting at the Claremont Hotel, Berkeley, California, April 27, 28, and 29, 1952.

#### Albert P. Spaar

Albert P. Spaar, for many years, Credit Manager, Woodward, Wight & Co., New Orleans, La., died May 24, 1951. Leo J. Haydel has been appointed to replace him.

#### Mrs. Athelyn Elizabeth McGee

Mrs. Athelyn Elizabeth McGee, President, Columbus Credit Women's Breakfast Club, Columbus, Ohio, died of a heart attack, July 19, 1951. Mrs. McGee, being very active in this group, had filled an unexpired term previous to her election as president in September, 1950. She was credit manager of the Colonial Finance Co.

#### Frank C. Spreen

Frank C. Spreen, Frank & Seder, Pittsburgh, Pa., died July 22, 1951, at the age of 79. He was a member of the credit department and had been with the store for 15 years. He was formerly with Joseph Horne Co., and McCreery & Co., Pittsburgh. He was at one time, director of the Retail Credit Association, Pittsburgh.



### Amendment 4 to Regulation W

REGULATION W is hereby amended in the following respects, effective July 31, 1951:

1. By inserting in Section 1 following "Defense Production Act of 1950," the language "as amended,".

2. By amending subsection (c) of Section 3 to read as follows:

"Time of Down Payment.—The down payment shall be obtained at or before the time of delivery of the listed article; except that in the case of an article listed in Group D, neither this Section 3(c), Section 6(b), nor Section 6(f) shall be deemed to require compliance in advance of completion of the agreed upon repairs, alterations, or improvements."

3. By inserting in the first sentence of subsection (b) of Section 3 the word "and" before the figure "(2)", by changing the comma after the word "month" at the end of clause (2) to a period, and by deleting the remainder of such sentence.

4. By inserting in the first sentence of subsection (c) of Section 4 the word "and" before the figure "(2)", by changing the comma after the word "month" at the end of clause (2) to a period, and by deleting the remainder of such sentence.

5. By deleting the last sentence of paragraph (2) of subsection (a) of Section 5.

6. By deleting the last sentence of the first paragraph of subsection (b) of Section 5.

7. By amending item (3) in subsection (c) of Section 6 to read as follows:

"(3) The amount of the purchaser's down payment (i) in cash and (ii) in property accepted as trade-in, together with a brief description identifying such property and stating the monetary value assigned thereto in good faith;".

8. By amending the last two sentences of subsection (c) of Section 6 to read as follows:

"The record need not include a description of the article if it is purchased by means of a coupon book or similar medium of instalment credit upon which there has been made a down payment at least as great as the down payment required by this regulation on the article sold by the registrant. The record need not include the information called for by items (2) and (4) if the registrant is one who, with respect to the article, customarily quotes to the public a time price only which includes the finance or other charges if any, provided he sets forth such time price in such record, and provided he obtains a down payment which is at least as large as would be required if the percentage specified for the article in the supplement were applicable to the time price."

9. By amending subsection (j) of Section 6 to read as follows:

"(j) Trade-in.—Any property which the seller of a listed article buys or receives in exchange, or arranges to have bought or so received, from the purchaser at or about the time of the purchase of the listed article shall be regarded as a trade-in for the purposes of this regulation."

10. By adding at the end of Section 7 a new subsection (m) reading as follows:

#### For Sale-

CREDIT BUREAU and Collection Agency in Southwest established in 1944. Cash or terms. Box 7512, The CREDIT WORLD.

24 Acme Visible Rotary Indexes complete with 14" by 7" panels. Also 14 National Cash Register Charge Authorization Boards. Bargain. Box 9512, The CREDIT WORLD.

#### Certificates Awarded to San Francisco Students

On May 29, 1951, a group of students who completed the course "Retail Credit Fundamentals" at the University of San Francisco, Evening Division, were awarded Certificates of Proficiency. They were awarded upon successful completion of the course prescribed by the National Retail Credit Association. The course was under the direction of Frank Batty, past president of the N.R.C.A.

#### R. H. Moulton Joins A. J. Wood

Richard H. Moulton has joined the national marketing research firm of A. J. Wood & Company, Philadelphia, Pa., and will be in charge of New England sales. The new appointment coincides with the opening of the Boston office on August 1, 1951, and is another step in the general expansion plans of the company. Mr. Moulton, before his new affiliation, was the Director of Research for General Foods and had been with that company for over 20 years. During that time, he served in various executive capacities and was connected with the early development of many new divisions and products.

"(m) Credit for Sewerage Installations.—Any credit for the purpose of financing the installation of sewerage and necessary related facilities (including plumbing and plumbing fixtures), required in order to comply with a statute, ordinance, or regulation of the United States, a State or political subdivision thereof, pertaining to health and sanitation, where the registrant accepts in good faith a written statement signed by the obligor certifying that such credit is for the above purpose."

11. By changing "25 per cent" and "75 per cent" in Part 1, Group B of the Supplement to read, respectively, "15 per cent" and "85 per cent."

12. By changing the maximum maturity stated in Part 2 of the Supplement for articles listed in Group A, Group B, Group C and for unclassified instalment loans, respectively, from "15 months" to "18 months," and for articles listed in Group D from "30 months" to "36 months."

13. By changing the figure "18" to "21" in Part 3 of the Supplement.

14. By deleting from the last sentence in the first paragraph of Part 4 of the Supplement the language "in the case of an automobile."

15. By amending the first paragraph of Part 5 of the Supplement to read as follows:

"Part 5. Calculation of Down Payments for Articles in Groups B, C, and D.—In the case of any article listed in Group B, Group C, or Group D, the required down payment and the maximum loan value shall be the specified percentage of the cash price of the article. Such required down payment may be obtained in the form of cash, trade-in, or both."

## CREDIT DEPARTMENT Letters

#### LEONARD BERRY

RETAIL CREDIT managers are becoming increasingly aware that certain accounts on their books are definitely unprofitable and that something must be done about them. Broadly speaking, these accounts fall into three classifications: the persistently slow-pay; the small account; and the "heavy returner." We shall, this month, discuss the last.

There is no doubt but that the credit facility encourages customers to return goods. Credit managers themselves, in credit sales promotion letters and advertisements, occasionally stress the fact that a charge account, among its many other advantages, permits the privilege of taking merchandise on approval and returning, if such becomes necessary.

Customers quite naturally prefer the ease and convenience of simply crediting returned merchandise to an account to the often formidable routine of getting cash money back from the store.

We all recognize the value, and even the necessity, of permitting the privilege of returning goods in reasonable amounts and according to certain policy rules and limitations. Many a great-name store has built its solid and fine reputation partly on a generous returned goods and adjustment policy. Good will of priceless value is engendered by cooperative and courteous attitudes on the part of adjustment and credit desk personnel.

Majority opinion of experienced credit managers is that this problem of the heavy returner is a thorny and difficult one. While control of such accounts is usually merely a fringe or perimeter credit management function, it probably causes more uncertainty and perplexity than others more basic and important.

Many credit executives would prefer to leave the matter severely alone, sadly remembering several instances in which what started out as a seemingly justified reprimand of the customer ended by the credit manager apologizing for ever having brought up the matter. Certainly, many factors must be carefully weighed and considered before "jumping in."

There are so many apparently valid reasons that can be advanced by customers for the returns that appear on their accounts. Often the store is at fault. For example, salespeople who send out selections of goods on approval, or who suggest to the customer that it would be perfectly satisfactory to take several items on approval and return those unwanted, frequently cause a customer's account to reflect undue returns. Again, daughters of good and well-established customers, experiencing the bliss of shopping alone, sometimes overbuy thus causing parents to insist on certain items being returned to the store for credit. Then, too, not only the dollar percentage, but the item percentage must be considered. Otherwise, the return of one particular purchase (say, a fur or cloth coat) might result in an alarming but only temporary dollar amount of returns.

In the exhaustive analysis of an account that must precede its being characterized as a heavy returner, these, among other factors, must be carefully weighed: the value to the store of the account in terms of total sales; length of time the account has been on the books; and the importance of the customer as an influencer of good will

Excessive returns seem to be a greater problem in the larger stores. Also, there is a sharp difference in the returned goods figures of types of stores. Department and specialty stores seem to find the most severe cases. Because of wide variances in store policy it is difficult to set forth any hard and fast rule as to what actually constitutes a heavy returner. However, most credit managers agree that any customer who returns over one third of the total purchases during a given period, say one or more years, can be considered a heavy returner. Such an account, they contend, is unprofitable, and the returned goods experience should be considered part of the individual's credit record and so reported to the credit bureau.

It is necessary then for the credit manager (or some other store official) to write to the customer, setting forth the details of the matter. The diplomatic suggestion is made that perhaps the store is at fault in not having seemingly adequate and satisfactory stocks. The letter often invites the customer to come in and talk matters over, thus, it is hoped, leading to greater mutual satisfaction.

This letter is particularly difficult to write. It is so very easy to create misunderstanding and resentment. Much care and thought should go into its preparation. Above all, the writer must be sure of the facts and be prepared to defend his position.

#### This Month's Illustrations

Illustration No. 1. W. O. Perlick, Credit Sales Manager, Meacham's, Fort Worth, Texas, reports excellent results with this fine "heavy returner" letter.

Illustration No. 2. So much interest was manifested in the new account notifications shown in the July CREDIT WORLD that we are reproducing three more. This friendly and cheerful card used by George J. Knapp, Credit Manager, E. W. Edwards and Son, Rochester, New York, is printed in three colors.

Illustration No. 3. R. J. Caton, Credit Manager, Eastman Kodak Stores, Inc., San Francisco, California, sends this dignified and impressive welcome to new charge customers.

Illustration No. 4. H. M. Tobolowsky, Credit Manager, E. M. Kahn and Company, Dallas, Texas, sends an attractive folder describing the store's services and credit policy with the new account notification card. One page of the four-page folder is shown.

Meachamis

August 10, 1951

Miss Jane Jones 1 Main Street Fort Morth, Texas

Dear Miss Jones:

In a constant effort to improve our customer service their charge accounts are examined at regular intervals.

An analysis of your account reveals a greater than average amount of re-turned merchandise which is of great concern to us.

Is there any way, you might suggest, that we could help you eliminate this inconvenience? Are we providing the quality merchandise you are accustomed to purchasing?

Your comments or suggestions would help us considerably to build a greater Heathams.

Very truly yours,

W. O. Peelick NEACHANS

W. O. Perlick Credit Sales Manager

Welcome to Our List of Charge Accounts

THANK YOU FOR THE PRIVILEGE OF ADDING YOUR NAME TO OUR LIST OF CHARGE ACCOUNTS AND BE ASSURED THAT WE WILL DO EVERTTHING POSSIBLE TO MAKE YOUR ENOPPING SASY AND PLEASANT OUR SPECIALLY THAINED STAFF IS GRACE TO SERVE YOU ON ALL PHOTOGRAPHIC MAT-TERS MAY BE HAVE THE OPPORTUNITY TO BE OF SERVICE TO YOU BOOM!

Eastman Kodak Stores, Inc.

E. M. Kahn & Co.

find real pleasure in elcoming you as a charge account patron and in extending you a cordial invitation to take advantage of the many shopping conveniences which such an account affords.



ent for you and all the privileges of a charge account are now yours

The account is ready for use the next time you visit the store and we'll do our best to make



#### **Credit Policy**

Accounts made during one month shall be due and payable in full during the month following purclass, and shall be deemed past due after the second month following purchase.

DIVIDED PAYMENT ACCOUNTS

To be arranged by written agreement on or before delivery

a. Without down payment, payable in three monthly

b. With down payment of 1/5 of the total and the same amount such month thereafter. Minimum down payment and minimum monthly pay-ment shall be \$5.

E. M. Kahn & Co.



## From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.

#### Congress to Take Closer Look at Governmental Spending and Fiscal Policies

THE SENATE Expenditures Committee issued its report on S.913-to amend the Legislative Reorganization Act of 1946-on July 25, recommending the creation of a joint Senate-House "watch-dog committee" on the budget, to keep tab on all department and agency budgetary requirements and expenditures. Included in the Joint Committee's virtually day-to-day scrutiny would be every one of the tens of thousands of items requested by all departments and agencies. Staff members would have the authority to examine the books of any agency and the Joint Committee would be charged with determining whether money had been spent as Congress intended. The Joint Committee would be composed of five members each from the House and Senate Appropriations Committees and four each from the Executive Expenditures groups. It would be staffed with about fifty financial and technical experts. The bill, upon which the report was issued, was introduced by Senator McClellan, and co-sponsors were Senators Hoey, O'Conor, Humphrey, Monroney, Underwood, Moody, McCarthy, Mundt, Schoeppel, Dworshak and Nixon.

The report stated that the problem of "adequate controls over the expenditure of public funds by the executive branch of the Government . . . has become so enormous that new machinery is needed to meet the increasing burden of the Congress if it is properly to exercise its tremendous responsibilities under the stress of current national emergencies"; that the objectives of the proposed legislation are "directed toward providing the same kind of joint expert staff facilities and detailed technical information for the appropriations and expenditures committees of the Congress as has been provided for a quarter of a century for the revenue committees, through the Joint Committee on Internal Revenue Taxation."

The report held that it is impossible for the individual members of the present standing committees to "examine properly the thousands of items presented in the budget, or to determine the real justifications for the funds requested." Stating that "the witnesses who appear before the committees represent exclusively the point of view of that (executive) branch of the Government," the report observed: "they have a personal and official interest in demonstrating that the requested amounts are necessary for the essential functions of their particular department or agency. Testimony submitted to these committees is, therefore, ex parte in character, and no witness usually appears on behalf of the legislative branch of the Government or to protect the interests of the public." (Emphasis added.)

Another bill, introduced in the Senate on August 9, 1951, by Senator Dirksen of Illinois is a proposal to establish a Commission on the Public Debt of the United States, to be composed of twelve members, four of whom would be appointed by the President (two from the executive branch of the Government and two from private life); four to be appointed by the President of the Senate (two from the Senate and two from private life); and four to be appointed by the Speaker of the House (two from the House of Representatives and two from private life). The purpose of this legislation is "to provide for the establishment of a commission which shall be charged with the duty of (1) conducting a comprehensive investigation of the public debt of the United States and the spending policies of the Federal Government and (2) reporting to the Congress its recommendations for measures to be taken with respect to the management of the public debt and the fiscal policies of the Government." The life of the Commission would be for a period of two years from the date of the enactment of this bill.

#### Skip Tracing-Tall Talk

The Federal Trade Commission on July 30, 1951, issued an order against David Bernstein, trading as Affiliated Credit Exchange and Business Research, both of Los Angeles, requiring him to discontinue the use of deceptive methods in obtaining information concerning delinquent debtors. The methods and practices employed in order to ascertain current addresses, as well as the names and addresses of the present employer of the debtor, was the use of postcards which were first shipped to an agent in Washington, D. C. The cards were then mailed to the persons from whom information is sought, carrying the return address "Business Research, 703 Albee Building, Washington, D. C." According to the findings of the FTC, the use of the name "Business Research" and the form and phraseology of the cards represented falsely that respondent was conducting a business research bureau and/or compiling business or labor statistics, and that the information is requested for those purposes.

The order required respondent to cease from representing that his business is other than that of collecting debts, or that the information is for any other purpose than that of collecting debts. The order specifically banned the use of the trade name "Business Research" or any representation that respondent was engaged in any type of research.

#### "To Be Seen or Not to Be Seen!"

A new phrase it appears has been or soon will be added to Shakespeare's most quoted epigram. A new bill introduced in the House provides for televising and broadcasting of sessions of the House of Representatives. At the same time the question of the right of a witness appearing before a Congressional Committee, not to be televised, appeared to move a step closer toward ultimate judicial determination as a result of the action by the Senate in contempt citations against certain individuals who had refused to testify at hearings before the Keiauver Crime Committee, their refusal in part being founded upon the fact that the sessions of the Committee were being broadcast and televised.

#### Curb on Federal Reserve Board; Small Business May Get Concessions

By the legislation amending and continuing the Defense Production Act of 1950, the Congress added a new paragraph to Section 601, establishing a ceiling on down payments and a floor on maturity periods for credit instalment purchases of automobiles, household appliances and furnishings: (1) New and used automobiles, down payment not more than one-third and maturity not less than eighteen months; (2) Household appliances (including radios and television sets) and household furniture and floor coverings, down payment not more than 15 per cent and maturity not less than eighteen months. In each instance the down payment requirement may be made in cash or by trade-in or exchange of property, or by a combination of cash and trade-in. Also, on residential repairs or improvements, down payment not more than 10 per cent and maturity not less than thirty-six months.

An important new section (714) was added to the Defense Production Act of 1950 which creates a "Small Defense Plants Administration." Sub-section (h) appears to endow the Administrator of the Small Defense Plants Administration with certain definite authority insofar as over-all national credit policies and controls may peculiarly affect small business, and reads as follows: "The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business."

Section 714(a) further provides: "For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field."

#### For Sale

CREDIT BUREAU in a thriving city in West Texas. In excellent condition. A good buy. Retail Merchants Association, Inc., P. O. Box 139, Mineral Wells, Texas.

ACME FLEXLINE AUTHORIZATION FILES. Six racks, each holding five hundred and ten frames or panels. Total capacity is 89,760 quarter inch Flexline strips. Each panel holds 88 names per slide and each rack has a capacity of 82 frames. A bargain for anyone in need of this type of equipment. Box 9513, The CREDIT WORLD.

#### "Markdowns"

(Beginning on page 19.)

to its operation? Years of experience have made me feel more and more that credit executives are much too conservative. We need to analyze our operations and ascertain if we are not holding our credit expenses to a figure that is too low. We plan our other expenses so why not plan our credit expenses rather than to say we must get by on one-half of one per cent, so let us cut it to four-tenths of one per cent. It is possible that an increase of three-fourths of one per cent would show more profit.

But regardless of the figure we set, let us use our influence to classify it as an expense rather than a loss item. At the annual conference of the N. R. C. A., held in Chicago last June, a resolution was adopted stating that in the future the credit fraternity would refer to any uncollectible items as accounts receivable markdowns or A.R.M. accounts. Here is the resolution:

#### Resolution on Accounts Receivable Markdowns

WHEREAS, for many years the credit departments of retail establishments have been operated with such care and efficiency that uncollectible items have been held to an exceptionally low percentage of consumer credit sales; and

WHEREAS, the major employees of credit departments as well as the management of stores realize that no consumer credit operation can function without a loss; and that consumer account charge-offs are very small in proportion or comparison to the markdowns in prices in the merchandising departments;

THEREFORE, BE IT RESOLVED, that the 37th Annual International Consumer Credit Conference of the National Retail Credit Association, meeting in the City of Chicago, Illinois, June 25 to 28, 1951, inclusive, recommends that instead of the use of the words "Profit and Loss" or "Loss" in the financial statements and operating statements of member stores, the designation be "Accounts Receivable Markdown" (or the letters "A.R.M.")

Let us put this into practice through our local credit association, our credit bureau and in our own store. We are members of a profession of which we can be justly proud. We should do all in our power to increase its prestige. When someone says, "What were your credit losses this year?" let us answer with pride, "I never have losses, you must mean my accounts receivable markdowns." That will put him in his place.

#### J. A. Motis

J. A. Motis, Credit Manager for the Minnesota Power and Light Company, Duluth, Minnesota, died Saturday evening, August 18, 1951. He resided at the Lincoln Hotel. Mr. Motis joined the Minnesota Power and Light Company in 1924 as Credit Manager and previously was employed in Omaha, Nebraska. He is survived by a brother, Dr. Charles Motis of Des Moines, Iowa, and a sister in Montana. Funeral rites were held on Tuesday, August 21, 1951, and the burial was in Duluth. He was a member of the Quarter Century Club of the N. R. C. A.

## International Awards Go to Credit Bureau and Collection Service Offices

#### Associated Credit Bureaus of America Names Winners at National Conference

BUSINESS IS PEOPLE," says one of the 20th century's proverbs. This is effectively demonstrated in the Associated Credit Bureaus of America's annual International Achievement Awards, in the relationship between the offices named as winners and the people behind them.

Herè are ACB of A's 1950-51 winners, announced at the 37th annual International Consumer Credit Conference in Chicago June 25-28—five credit bureau and five collection service managers who have won the highest honor possible in their chosen field.

#### Credit Bureau Division Winners

Credit Bureau of Red Wing, Minnesota, 15,000-andunder population bracket:

For this recognition, Manager Ralph Gard can take most of the credit, as bureau owner Bernard Duffy (St. Paul, Minnesota) pointed out in the bureau's bulletin.

Mr. Gard has been with the Credit Bureau of Red Wing 11 years—acting manager for the past five. Red Wing's "Blue Book" is considered one of the outstanding credit guides in the country. Mr. Gard is a past president of the Collection Service Division for the Ninth district, and is now second vice president of the district organization.

Taking an active part in Red Wing's civic organizations, he is a member of the Lions club, Chamber of Commerce, and Auxiliary Police Department.

Credit Bureau of Fremont, Ohio, 15,000-25,000 population bracket:

The place of Manager Clotilda Walter's bureau in Fremont's business life was effectively stated at a recent testimonial dinner: "The loss on accounts in Fremont financial institutions," said William M. Haynes of the Fremont Savings Bank, "is one-fourth that of the average throughout the country. This is attributed to the efficiency of the local credit bureau, and the fact that its services are extensively used."

Miss Walter served two terms as a trustee of the Associated Credit Bureaus of Ohio and helped organize the Fremont Credit Women's Breakfast club. She is a charter member of both the Business and Professional Women's club and the Soroptimist club, and past president of the latter.

Credit Bureau of Orlando, Florida, 25,000-100,000 population bracket:

In addition to receiving the achievement award, Manager Francis Auger was elected vice president of the Associated Credit Bureaus of America. These honors are but two more in a succession of tributes to Mr. Auger's professional ability.

Mr. Auger has served as secretary and as president of the Associated Credit Bureaus of Florida, has twice been elected president of the ACB of the Southeast, was a member of the Credit Bureau Division committee for two years, and is now an ACB of A director.

He is a past president of Orlando's Exchange Club, and is secretary of the Retail Credit Association of Orlando.

Credit Bureau of Wichita, Kansas, 100,000—250,000 population bracket:

Here again two more tributes were given to a bureau manager who has long been recognized as outstanding. In addition to receiving the achievement award for his population bracket, Manager Ralph Kearns was elected president of ACB of A. He served last year as vice president.

Mr. Kearns has had twenty years of experience with credit bureaus in Michigan, Indiana, and Kansas. He is a past president of the ACB of Kansas and the ACB of the Midwest. Prominent for many years in credit associations, his help in organizing the Credit Bureau and Collection Service Management Institute at the University of Kansas was invaluable.

Credit Bureau of Cleveland, Ohio, 250,000-and-up population bracket:

Its second International award came to the Credit Bureau of Cleveland this summer, when Manager Gordon Gray was awarded the plaque for his office. An award in the Collection Service Division was won in 1948 by Cleveland's collection manager Frank Sherod.

Ralph Gard Red Wing, Minn.



Clotilda Walter Fremont, O.



Francis Auger Orlando, Fla.



Ralph Kearns



Gordon Gray



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Lyman Weld Longmont, Colo.



Helen Sergeant Chicago Heights, Ill.



H. D. McGinty Great Falls, Mont.



Harvey King Nashville, Tenn.



Talley Kirkland Atlanta, Ga.

Mr. Gray is a former director, and is now president, of the Associated Credit Bureaus of Ohio. He has also been active in the Associated Credit Bureaus of the Fifth district.

Locally, Mr. Gray is a member of Cleveland's Kiwanis club, the Community Fund, and the Mayor's Safety Committee.

#### Collection Service Division Winners

Longmont (Colorado) Creditors Adjustment Service, 15,000-and-under population bracket:

Manager Lyman Weld has such a long record of service to ACB of A and the Collection Service Division that he is sometimes known as "the Grand-daddy of the CSD."

Mr. Weld was a member of the committee which organized the Supervising Collection Department for the National Retail Credit Association—later, ACB of A's Collection Service Division. He was chairman of the CSD in 1938-39, and has been very active in state legislative work for collection service offices.

Mr. Weld is a member of the Longmont Lions club, Red Cross, and many other activities.

Credit Bureau of Chicago Heights, Illinois, 15,000—25,000 population bracket:

Helen Sergeant, manager and collection manager of the bureau, is a past president of the Associated Credit Bureaus of Illinois, also served two terms as that organization's secretary-treasurer.

Mrs. Sergeant was secretary-treasurer of the Collection Service Division, Fifth district, for two terms. She was the first president of District 13's organization of Credit Women's Breakfast Clubs.

In Chicago Heights, Mrs. Sergeant has served as cochairman of the Red Cross Drive, and is now first vice president of the local Community Fund.

Credit Service Company, Great Falls, Montana, 25,000-100,000 population bracket.

Manager H. D. ("Dent") McGinty is a past chairman of ACB of A's Collection Service Division, and has also had many prominent positions in state and district organizations. For the past ten years, he has served as CSD chairman for the Associated Credit Bureaus of the Pacific Northwest.

A past president of his local NRCA unit, Mr. Mc-Ginty has been president of the local Kiwanis club, and lieutenant governor of the Kiwanis district organization. He is a member of the Elks and the Knights of Columbus. Tennessee Adjustment Service, Nashville, Tennessee, 100,000-250,000 population bracket:

Harvey King, manager of the Tennessee Adjustment Service, has long been prominent in state and district credit and collection activities. He has been a strong supporter, also, of the National Retail Credit Association, having served one year as national membership chairman. In that year, due to his efforts, phenomenal gains in membership were made.

Mr. King is vice president of the CSD for the ACB of the Southeast, a member of the CSD Committee, and a past president of the Nashville Retail Credit Association.

Collection Service, Inc., Atlanta, Georgia, 250,000and-over population bracket:

Talley Kirkland, owner of Collection Service, Inc., is a former chairman of the Collection Service Division and a former director of ACB of A. He has long been prominent in activities of his district organization and has served as president on several occasions.

Locally, Mr. Kirkland's interests include membership in Civitan, Masonic and Shriners' organizations, American Red Cross and Community Chest campaigns, and the Atlanta Retail Credit Association.

Mr. Kirkland is also a sustaining member of the Atlanta Legal Aid Society.

#### Purpose of International Award Program

Started five years ago, the Achievement Award program has as its purpose two aims: (1) to recognize superior service where it already exists, and (2) to inspire other members to improve the efficiency of their organizations. The result of this program will be a constant improvement of credit bureau and collection service furnished by Associated Credit Bureaus of America members.

Each winning office is awarded a plaque which is inscribed, "For unselfish and meritorious contribution to the credit bureau (or collection service) profession in our program to better serve the credit granters of North America."

Winners, selected each year from nominations made by the district organizations, are judged on the basis of service, civic responsibility, cooperation with state, district and national credit associations, and distinguished achievement in the field of credit reporting or collection service,



#### General Business Conditions

THE TOTAL VOLUME of industry and trade has changed but little in recent weeks, although some shifts have been taking place among industries and among different sections of the country. The general rate of activity is about 11 per cent higher than it was a year ago. The spread between the rates of the two years is gradually becoming narrower due to the fact that last year the trend was significantly upward. Now it is sable on a high plateau, which appears likely to be maintained for some time.

Greatest improvement has been made in the area along the Pacific Coast, especially in the southern part of it, and in some sections of the Southwest. Conditions are not quite so favorable in the Pacific Northwest, but even in this area volume is larger than it was a year ago. Changes in both industrial activity and in agriculture account for these variations.

larger than it was a year ago. Changes in both industrial activity and in agriculture account for these variations. The other major area in which business has been showing the largest gains is the industrial region around the Great Lakes, both in the United States and in Canada. Steel mill operations are being maintained at close to capacity, and activity in the metal working industries as well as in those making heavy equipment has slackened but little during the summer months. In all these industries demand and unfilled orders remain unusually large. Hence the outlook is for increased output rather than any significant declines in activity.

Throughout the East conditions are somewhat spotty, although the average is holding up well, except in some parts of the New England States. Some improvement is taking place in the Southeast due to the prospects for a very good cotton crop and a busy season for the textile industry. Demand in this field is also large and is holding up even better than was expected a few months ago. Agricultural conditions are more favorable than they have been for many other farm crops.

was expected a few months ago. Agricultural conditions are more favorable than they have been for many other farm crops. Although the outlook is for very good crops in the Middle West, business volume has been lagging in many sections of the agricultural regions there. Uncertainty as to the prices of farm products is one factor in holding down business activity, and it has become more marked as crop prospects have improved. Activity in the northern part has held up somewhat better than that in the southern part, but the differences are not great. Future trends in these areas will be determined not only by weather conditions during the remainder of the season but also by the trends in prices of farm products.

season but also by the trends in prices of farm products.

The business situation in Canada has been showing steady improvement since the first part of the year, although there has been some levelling off in recent weeks. The most favor-

MORE SALES ... Through Charge Customers



able trends are taking place in the area around the Great Lakes and in the West. Industrial activity is about 13 per cent higher than it was a year ago, and demand is strong enough to keep it at close to peak rates during the next few months. Agricultural prospects have also improved, and farmers are expecting larger crops than last year. Consumers are buying in increased amounts, and this demand is one of the leading forces pushing business activity higher. Spending for military purposes is also a significant factor in determining the rate of industrial activity. Well-sustained business during the summer points to the probability of further expansion in the fall months.—Business Bulletin, LaSalle Extension University, Chicago, Ill.

#### Consumer Credit

CONSUMER INSTALMENT credit outstanding increased slightly in June for the second consecutive month to 12,925 million dollars at the month-end, and was 820 million higher than a year earlier. In June, as in the previous month, moderate increases in automobile sale credit and instalment loan credit were largely offset by a decline in other sale credit. Noninstalment credit also expanded slightly in June, as a result of a small rise in charge accounts outstanding. Total consumer credit outstanding at the end of June is estimated at 19,224 million dollars.—Federal Reserve Board.

#### Retail Furniture Report

SALES AT FURNITURE stores, which customarily decline in June, were 4 per cent less than in May. Declines were reported for each type of transaction, but cash and instalment sales fell only slightly below the preceding month's volume. Compared with a year ago total sales were down 4 per cent, reflecting a decline in instalment sales, which account for a substantial share of the total. Instalment accounts receivable continued to decline, and showed a 5 per cent drop from a year earlier. Collections on instalment accounts were up 2 per cent in June and, when related to accounts outstanding on the first of the month, resulted in a collection ratio of 11 per cent, the same as for May. Inventories at furniture stores were reduced 5 per cent during the month, but continued about one-third larger than those carried a year carlier. Stocks on hand on June 30 represented about 6 months' supply at the current rate of sale as compared with about 4 months' supply a vear earlier.—Federal Reserve Board.

#### Consumer Instalment Loans

CONSUMER INSTALMENT loans outstanding at the principal types of lending itstitutions continued to show a small rate of gain during June and at the month-end are estimated at 4,685 million dollars. The year-to-year increase was about one-half billion dollars. Loan volume for June, 724 million dollars, was 1 per cent larger than in May, but slightly below the year-ago level.—Federal Reserve Board.

#### Retail Instalment Credit at Furniture and Household Appliance Stores

INSTALMENT ACCOUNTS outstanding at furniture stores were down approximately 2 per cent in June, about the same rate of decrease as in recent months. The amount outstanding on June 30 continued moderately below the year-ago figure. At household appliance stores, instalment accounts receivable dropped 3 per cent during June. This decline continues the downward trend that has occurred since the beginning of the year. In comparison with the year-ago level, however, instalment accounts were up 6 per cent. Instalment indebtedness at furniture stores continued to be repaid in June at the rate prevailing in the three preceding months. At household appliance stores, however, accounts were collected somewhat more rapidly than in May. Both types of outlet reported a shortening of the repayment period from a year earlier.—Federal Reserve Board.

## Collection Scoreboard

Compiled by the Research Division

July, 1951

July, 1950

DISTRICT	DE		TME			RES	DE			NT :		ES	W	OME		SPE	CIAI	.TY	1	MEN		LOT		G
CITIES		1951			1950			1951			1950			1951			1950			1951			1950	
CITIES	AV.	н	LO	AV.	HIL	LO	ÁV.	HI	LO	AV.	HIL	LO	AV.	Н	LO	AV.	на	LO	AV	HIL	LO	(AV	HI	LO
Borrion Moss	-								-							-			-			-		
Lynn Mass	-			-		-	-			-		-	-			-			-			-		
Providence R I	49.4	54.6	43.6	48.8	51.0	420	-			-		-	-			-			-			-		
Springfield Mass	58.1	612	550	57.1	616	52 6	18.3	224	14.2	240	247	232		66.5		-	77.6		2	49.9		-	491	
Wordester Mass	45.7	463	451	48.0	512	448	225	24 6	20.4	215	264	166	49.7	514	480	517	554	480	-			-		
New York, H. Y.	45 9	47.9	41.8	463	49 3	412	17.8	226	12.6	179	26.3	135	42.0	45.3	415	415	475	40.5	53 7	56.2	51.2	53.4	54.4	52
Atlanta Ca															6			-	-	-	-	-	-	
Birminghum Ain	449	56.6	37.5	47.1	56.4	410	19 (	252	15.5	18.5	256	15.0	39 6	49.2	33 1	46.5	54.4	395	48.3	50.6	45.0	49.4	51.2	46
New Orleans Lu		-	L		-	-					-	-	-	-	-	_	-	_	-	_		-	-	15
Cincinnati Ohio	545	59.4	49.6	57.4	62.0	54.7	18.4	22.2		17.9	29.9	103	59.4	54.6	543	59.7		35.1	52 1	58.3	459		61.3	
Cleveland Obio	46.1	5.18	\$1.9	48.7	530	42.1	215	250		22.2	22.4	19.1	44.1	54.0	34.2	50.1	59.8	403	861	874	418	83.7	930	44
Columbus Ohio	13			-			-			-			-			-			-			7		
Detroit Mich Grand Rapids Mich	-	8		Ē			1			_						-			-			-		
Louisville Ky	44.5	47.8	413	49.6	52.0	47.2	16.1	19.7	13.8	15.2	19.0	114	43.3	442	424	44 6	45 6	43.7	47.4	576	41.0	50 2	60 6	
Ollawa Ostario	365	47.5	32.5	39.5	45.7	330	19.1	22.5	189	14.6	256	124	-			-			-			1		
Taleta Obio	431	450	415	47 7	510	442	17.3	22.3	14.9	17.3	19.0	15.0	483	522	443	54.8	549	54.8	41.1	50.0	123	437	49.0	38
Youngstown Ohio	-			-			-			-			-			-			_			+		
Cedar Rapids la	52 6	53.3	52.0	58.7	61.3	56.2	16.9	17.6	16.2	18.5	19.1	17.9	E	73.0		-	77.0	15	66 9	69.6	6.4.3	68.9	70.8	67
Davesport In	-			-			-			-			-			-			-			-		
Des Moines In				-			-			-						-			-			-		
Minneapolis Minn	35.4	59 8	500	360	59 (	52.1	22.1			19.2	203	18.3	-			620	64.1	599	511	58.6		54.2	65	46
Omaha Neb	-						9			-			45.6	50.7	417	46.1	50.9	416	54.0	55.5	52.5	56.4	59.9	58
Sioux City. Ia.	-			=			-			-			-			-			-			-		
Kansas City, Mo	43.9	44.4	43.4	58 4	614	45.4	20.7	26.5	130	197	20.2	19.3	541	58.1	45.3	58.6	64.9	47.5	54 1	58 1	45.3	5ā 6	64 9	9 47
St Louis Mo	- 1			54.2	56.9	52.3	-			17.8	216	135	-			420	56.2	37.9	-			50.9	533	48
Denver. Colo	48 0	53.4	413	49 9	55 6	423	19.4	220	177	18 4	25.6	134	46.3	50.3	423	515	35.6	475		-				
Salt Lake City. Utah	57 7	672	50.0	60 1	67.3	504	19.1	23.3	14.2	17.3	22.1	130	-			-			457	47.5	439	45 9	46	1 45
Spokane Wash	54.5	64.0	49.3	56.0	703	48 8			-	-	-	-	-	-	-	-	E		-	-	-	-		
Vancouver B.C	-			-			-						_			-			-					
Victoria B C		1-	-	-	-	* -	-	l –		-		-	-	-		-			_			-		
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Oakland Calif	53 9	60.7		57.4	65.8	48.2	20.0	229	16.0	17.6	26.5		48.9	52.9	44.9	52.6	53.0	52 3	-	59.7		48.6	64.9	34
Santa Barbara Calif	60.8			63.3	699		-						55.3		50.2	64.8	73.6	58.4	639		53.2	66.4	72.0	0 60
San Francisco. Calif.	512	63.3	49 5	513	633	412	23 1	25 8	207	213	238	19 1	445	45 2	37.2	46.7	47.7	37 1	46.8	470	464	475	47.6	45
Baltimore Md.	45.6	49.1	43.9	44.0	50.3	33.2	194	234	16.6	16.9	24.7	12.7	39 9	49.1	30.0	42.9	48.5	37.4	410	42.1	40.0	42.2	47.7	37
Pittsburgh Pa Washington D C	417	49.9	38.5	46	52 5	43.5	186	20.3	15.8	119.3	24 1	158				-			-			-		
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INSTALLMENT ACCOUNTS outstanding at department stores declined slightly in June, as in five preceding months. Year-to-year increases have narrowed steadily since the last quarter of 1950, and for the month ending June 30 the gain was only 3 per cent. Collections on instalment accounts in June were 2 per cent less than in May, but the ratio of these collections to accounts receivable on the first of the month was 19 per cent, 1 point higher than in May. At the current rate of collection, accounts would be repaid in about 10 months. Charge accounts receivable declined 3 per cent in June, when some decline is customary, but exceeded the

year-ago level by 12 per cent. Collections on charge accounts were up 1 per cent during the month. The average repayment period for charge-account indebtedness, 62 days, was about the same as for the preceding month. Total sales of department stores showed a seasonal decline in June. Cash sales were down 1 per cent and credit sales, 8 per cent. Cash sales were more important in the total than a year earlier and increased 5 per cent in the 12-month period; instalment sales continued 10 per cent below the year-ago volume.—Pederal Reserve Board.

## Canadians in Chicago

CARL B. FLEMINGTON, M.C.I., Credit Bureau of Greater Toronto, Toronto, Ontario, Canada

THE 37TH Annual International Consumer Credit Conference of the National Retail Credit Association held in Chicago last June is now history, but in common with Banff, Boston, Cincinnati and many other cities, which in the past have played host to the Conference, Chicago might well be proud of the welcome extended to us.

The immensity of the metropolis with its cosmopolitan concept and magnitude of its industry; the hospitality shown by the management of the Hotel Stevens, which provided a veritable world in itself; and the inspiration gained by the delegates attending cannot but impress upon us all the fact that here is exemplified in great measure the good neighbour policy and that true benefit lies in mutual cooperation and tolerance. To the Canadians who were privileged to attend the Conference, it will always be remembered as one where friendliness prevailed and where we were accorded the essence in good will and understanding.

The Conference, with headquarters at the Stevens, commenced sessions on Monday, June 25, with committees, district and directors' meetings being the order of the day and in the case of the Canadian Bureaus at least, far into the night. To those not affected by relations or administration, this was for the most part a day of preparation and sight-seeing.

Round-table discussions conducted by both the Credit Bureau and Collection Service Division of the Associated Credit Bureaus of America proved of intense value and interest. The Credit Women's Breakfast Clubs of North America commenced proceedings with their Annual Breakfast and you will be glad to know that this function was attended by five members from our own Toronto Credit Women's Breakfast Club: the President, Mrs. Hazel Sanders, Laura Haug, Isobel Etherington, Mrs. F. MacDougall and Lorene Shaw, who were also accompanied by Clara Haug.

The "City Slicker" night brought to a close the opening day, during which many old friends were again greeted and new friendships formed. This party, which was in all certainty a departure from the orthodox, provided intense pleasure and amusement to all those who attended and was a means whereby the hundreds of delegates attending were privileged to meet informally and to enjoy the hospitality of our hosts. The National Barn Dance, a regular feature from radio station WLS, Chicago, carried out what might easily be considered the task impossible, as they converted credit men and their ladies into nimble and carefree participants in the old square dances.

Tuesday morning's session was of a general nature and constituted the formal opening of the Conference. The programme followed community singing, led by Forrest L. McAllister, Publisher of *The School Musician*, and Call to Order by the President, Clarence E. Wolfinger, who extended the address of welcome. This was in turn followed by the invocation, impressively given by the Rev. C. W. Nordland, of the Moody Bible Institute, Chicago.

A timely and well-delivered address was given by Henry H. Heimann, Executive Manager, National Association of Credit Men, New York, on "Sound Credit, Our First Line of Defense." Mr. Heimann is well known in Canadian credit circles and has been honoured by the Canadian Credit Institute with the degree of F.C.I. for his outstanding contribution to International credit affairs. In able manner, he portrayed the responsibilities of individuals in our present-day economy, creating a profound impression on his listeners. This address was published in the August, 1951, Credit World.

Then followed an address by Arch R. Maulsby, Speakers Panel, Socony Vacuum Oil Co., Kansas City, Missouri, on "The Man of Tomorrow." The speaker possessed a keen sense of humour as he presented his thoughts. His address is published in this issue of The CREDIT WORLD on pages 4-6.

The afternoon sessions were for the most part in the nature of panel discussions conducted both in the interest of credit granters and credit bureaus as to how each could best serve the other. Canadian representatives on the panel this year were William J. Tate, Comptroller, Charles Ogilvy Ltd., Ottawa, Ontario, and Thomas Downie, Manager, the Credit Bureau of Vancouver, both of whom reflected great credit through their preparation and contribution.

#### Value of Round-Table and Panel Discussions

The stress placed on the value of both round-table and panel discussions, emphasizes the importance of providing information desired by those attending and to a very great degree replaced topic subjects and items of general interest. Forums dealing with every phase of consumer credit and collection problems continued throughout Wednesday and Thursday. Situations arising in areas of comparable size and economic conditions provided a basis of comparison by which others could gauge their own local situation and receive guidance for the future.

Panels devoted both to the problems of credit granters and those of the credit bureau managers proved factfinding deliberations, and judging from the intense interset, it was evident that those in charge of the programme had acted both wisely and well. To O. Willard Frieberg, San Francisco, California, Harley J. Boyle, Spokane, Washington, and Ralph Kearns, Wichita, Kansas, who acted as moderators of the credit forums, too much praise cannot be given for their ability and efficiency throughout. They handled a difficult task in masterly form with due consideration to both panel member and

The feature of Wednesday afternoon was a talk on "You and Your Letters," by William H. Butterfield, Executive Director, University of Illinois Foundation, who offered many suggestions as to how our letters might be improved. He suggested that we "make it clear what you want to say, then say it." Make them friendly. Relax, be yourself, emphasize positive points, etc., all of which should assist us in the construction of proper business correspondence.

#### Canadian Elected Third Vice President

Canadians everywhere will be proud to know that William J. Tate of Ottawa was elected Third Vice President of the National Retail Credit Association and that Cy H. Williams, of Edmonton, was elected to the Board of Directors, Associated Credit Bureaus of America. To them, we offer our sincere congratulations and best wishes and assure them of our utmost loyalty and support.

Thursday morning witnessed the presentation of awards by the respective organizations to those who had shown outstanding leadership in the field of credit. Canadians take this opportunity to extend, to them all, heartiest congratulations. An inspirational address on "Effective Citizenship" given by Mrs. Ila Huff, of Memphis, Tennessee, which provided a fitting climax to a wonderful conference, brought to a close that evening with a banquet and dance.

To Clarence E. Wolfinger, President, Lindley S. Crowder, General Manager-Treasurer, and Arthur H. Hert, Secretary and Research Director of the National Retail Credit Association; to George P. Johns, President, Harold A. Wallace, Executive Vice President-Treasurer and Otto H. Lanfersieck, Secretary of the Associated Credit Bureaus of America; to Francie E. Rowe, President of the Credit Women's Breakfast Clubs of North America, as well as their secretaries and assistants, we owe a deep debt of gratitude for the careful planning and administrative ability which contributed so largely to the success of the conference.

#### Chicago Committee Deserves Praise

The Chicago Conference Committee under the able co-chairmanship of Ray G. Mihm, of The Fair, and J. C. Gilliland, of Aldens Inc., deserve the highest praise for the manner in which even the smallest detail was attended to and for their unselfish concern for the welfare of their guests. To the Management and staff of the Hotel Stevens, the thanks of all Canadians.

Four informal meetings were held by both representatives of the Credit Granters' Association of Canada and the Associated Credit Bureaus of Canada, during which time much discussion ensued which cannot but react to the mutual advantage of both organizations. Several recommendations were made which will be submitted to the members of both Associations in due course.

Chicago, in common with all preceding Conference cities, contributed that intangible something which builds for character and usefulness. Thanks, Chicago.

#### "Thomas Jefferson"

(Beginning on page 7.)

That other lawyers had trouble collecting their fees is indicated by the fact that on May 20, 1773, six lawyers, including Jefferson, Patrick Henry, Edmund Pendleton and John Randolph, inserted an advertisement in the Virginia Gazette saving that:

"On serious consideration of the present state of our practice in the General Court we find it can no longer be continued on the same Terms. The Fees allowed by Law, if regularly paid, would barely compensate our incessant Labours, reimburse our expences and the losses incurred by Neglect of our private affairs; yet even these Rewards, confessedly moderate, are withheld from us, in a great proportion, by the unworthy Part of Some regulation, therefore, is become absolutely our Clients. requisite to establish Terms more equal between the Client and his Council. To effect this, we have come to the following Resolution, for the invariable Observance of which we mutually plight our Honour to each other:

That after the 10th day of October next we will not give an opinion on any Case stated to us but on Payment of whole Fee, nor prosecute or defend any suit or motion unless the Tax, and one-half of the Fee, be previously advanced, excepting those Cases only where we choose to act gratis'; and we hope no person whatever may think of applying to us in any other way. . .

Jefferson's legal business which had decreased in the last few years, declined even more after the new credit terms went into effect and soon thereafter Jefferson retired from the practice of law.

It was not the discouraging credit experience, however, that caused Jefferson to give up the practice of law. More and more of his time during the last years of his practice had to be given to personal matters. When Jefferson married, January 1, 1772, he had an estate of 5,000 acres, "all paid for." His father-in-law died in May, 1773, and Jefferson, who was one of his executors, was required to spend a great deal of time in helping to settle the estate. Mrs. Jefferson inherited a large estate from her father and the responsibility for managing it as well as his own fell to Jefferson.6 Then, too, public affairs, particularly the growing trouble with the Mother country which became acute in 1774, occupied his thoughts and took his time. It was less than two years after he gave up the practice of law that the thirty-threeyear-old Jefferson wrote the Declaration of Independence.

In colonial times, collections were generally slow and bad debt losses high but it would appear that even for the times, Jefferson was a very lenient creditor and suffered accordingly.

5. The Writings of Thomas Jefferson (Ford Edition), Vol. I, p. 416.

6. Jefferson described his wife's inheritance by saying: "The rtion which came on that event [the death of her father] to Mrs. Jefferson after the debts should be paid, which were very considerable, was about equal to my own patrimony, and consequently doubled the ease of our circumstances."

#### Correction

In the June CREDIT WORLD we stated that S. Bernstein, author of the excellent article "Human Relations-Past and Present" in the Canadian section, was Credit Manager, Reliable Toy Co. Ltd., Toronto, Ontario, Canada. This was incorrect. Mr. Bernstein is General Office and Credit Manager, Percy Hermant Company, 204 King Street, East, Toronto, Ontario, Canada.



## Editorial

## COMMENT

### **Education for the Educated**

S IR RICHARD LIVINGSTONE said, "In these later and most important stages of life can education do nothing further for us beyond what it did in early years? Did the need and use of it stop at twenty-two? Were we sent out from the university finished articles, requiring simply to be seasoned by experience of life? Perhaps, if the world stood still, the answer to the questions would be yes, and education, like Baptism or Confirmation, be an 'opus operatum,' which once done needs no repeating. Unfortunately, the world does not stand still. 'Panta Rei' is the motto of the twentieth century; everything is in a flux and, as Heraclitus said, you cannot step twice into the same river. By the time, indeed before, a man is forty, the world of his twenties will have changed, new problems, ideas, forces, methods, revealed themselves, and with all of these he ought to make his reckoning. . . .

"And are not all of us in practice acquainted in life with such obsolete vehicles, cumbering a garage or crawling along the road? Are not all familiar, in parliament, in the churches, in education, in medicine, in government and municipal offices, in business, with men of forty years and over, whom the tide of their education carried some way up the shore and who are content to remain where it deposited them years before, who have found their way into directing posts by merit, by seniority, by mere efflux of time, who should be the pumps to drive the water of progress onward, and are, at any rate, the pipes and conduits through which it must pass, but who are in fact so furred and fossilized that they prevent its flowing at all? They may be men of ability and good will, they may have had an excellent education. But they are living in the world as it was when they were in their twenties, they have lost the intellectual and imaginative vigor which would have enabled them to move with the movement of the times; the pace is too much for them, it frightens them; routine, which is another name for action divorced from thought, gets an increasing grip on them. . . . "

The above quotation from the Adult Education Bulletin, Washington University, St. Louis, Missouri, seems so appropriate to the matter of Credit schools, that we are offering it to you.

Surely no stronger argument could be presented for vigorous and continuous retail credit educational programs in every community. Credit schools should be sponsored jointly by the local retail credit association and credit bureau. Credit schools pay large dividends in the improvement of credit conditions generally. Our resources are available to you.

Deonard Berry



## Do You Aspire to Be a Credit Leader?

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